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ABSTRACT

This document contains selected proceedings from an Education Finance Workshop. The workshop addressed various perspectives about the appropriateness and cost of some currently popular reform approaches. Two introductory papers are: (1) "Our Task: Building the Links," by Ron Henderson; and (2) "Is Public Education Necessary to a Democratic Society?" by Kern Alexander. Articles that address issues in outcome-based education are: (3) "Outcome-based Education as a Product of Trends in School Finance Litigation and School Reform" (Alan Odden); and (4) "The Outcomes-based Accountability System in Dallas" (Sandy Kress). Part 3, "From Theory into Practice: State Experience with Designing and Funding Reform," contains three articles: (5) "Wisconsin's Experience with Linking Education Reform and Finance" (Charles Lentz); (6) "Kentucky's Experience with Linking Education Reform and Finance" (Gretchen Lampe); and (7) "Michigan's Experience with Linking Education Reform with School Finance" (Al Short). The fourth part contains three articles that address issues related to charters and vouchers: (8) "Choice, Vouchers, and Charter Schools: An Overview" (Louann Bierlein); (9) "Vouchers: A Serious Threat to Public Education" (Bill Comer); and (10) "Charter Schools: Time for a Change?" (Larry Wicks). The final article, by Gary Watts, is entitled, "Defining the Future of Public Education." (LMI)

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NATIONAL EDUCATION ASSOCIATION

LINKING EDUCATION FINANCE TO EDUCATION REFORM

SELECTED PROCEEDINGS OF THE EDUCATION FINANCE WORKSHOP

Atlanta, Georgia
May 18-19, 1994

Research Division

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ACKNOWLEDGMENTS

"Linking Education Finance to Education Reform" goes straight to the heart of the present debate over revitalizing public education in the United States. In this, the third annual Education Finance Workshop sponsored by the National Education Association, various perspectives about both the appropriateness and the cost of some currently popular approaches were presented and debated—all aimed at assisting affiliate staff and Association leaders in understanding the complexities of funding public education.

These proceedings were developed by NEA Research staff from the recorded remarks of several of the Workshop speakers. We wish to extend our thanks to all of the speakers—Kern Alexander, Virginia Tech; Louann Bierlein, Morrison Institute for Public Policy; Bill Comer, NEA Government Relations; Lowell Dauenbaugh, Iowa State Education Association; Edward Kelly, Prince William County Public Schools, Virginia; Sandy Kress, School Board, Dallas Independent School District; Gretchen Lampe, Kentucky Education Association; Charles Lentz, Wisconsin Education Association Council; Scott Mackey, National Conference of State Legislatures; Patricia Mitchell, National Alliance of Business; Alan Odden, Wisconsin Center for Education Research; Mike Schoeppach, Bellevue UniServ Council, Washington; Al Short, Michigan Education Association; Gary Watts, NEA National Center for Innovation; Larry Wicks, Minnesota Education Association; and John Yrchik, NEA Research. Their presentations underscored many of the basic premises of public education and the importance of maintaining an adequately financed education system to the welfare of the country. We also extend thanks to the staff who edited and shaped the articles that follow.

Michael Kahn
Manager
Education Finance and Economics
NEA Research

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WELCOME

OUR TASK: BUILDING THE LINKS

Ron Henderson
Director
NEA Research

The NEA Education Finance Workshop bases its annual agenda on the concerns expressed by our state affiliates. The range of current issues stretches from the perpetual money crunch to the latest scheme for tax-free reform. These issues include the following:

- The big problems some of us see with education finance including
  —its separate tracks
  —the shortage of skilled and knowledgeable personnel at important places and times
- The resulting implications for state education associations
- The need for money to retool our schools
- The perennial controversy over whether more money will improve student performance.

Separate Tracks

Chris Pipho of the Education Commission of the States made two points at the first Education Finance Workshop two years ago that are worth repeating. First, he noted that one big problem with school finance is that it runs on a track of its own, apart from education reform and the education establishment. This gives us three tracks all together, with no systematic way to cross over or plan schedules that might prevent derailments or head-on collisions. Secondly, he noted the lack of personnel within the education community skilled enough to follow an independent track and assure that the funding of our public schools ends up at the right place in the state budgets.

Pipho observed that in most state legislatures, as a result of the separate track for school finance, the chairman of the House Appropriations Committee or of the Joint Budget Committee usually knows more about school finance and has a greater impact on it than anyone on the Education Committee. Recent events in Michigan are an excellent example of what can happen when there are no direct links between the education financing process and the needs of the nation's children. Legislators decided to use school finance, specifically the local real property tax for schools, as the scapegoat to provide property owners with tax relief. Generational interests have struck again. Voters have been given relief and children the pain.

Some Important Implications

Whether other legislatures will be swayed by Michigan's action will depend in part on how skillful we are in keeping the needs of public education at the top of the political agenda. The separate tracks followed by educators and legislators have some important implications for state education associations and the NEA.

For a long time, the public and the education finance community have been under the illusion that local school boards have discretionary power to tax real property. In many states and in numerous school districts, that is not true, for a variety of reasons such as state tax rate limits, caps on revenues and expenditures at the local level, and ever-increasing voter resistance to tax increases.

State legislatures seek to dominate school finance to achieve several objectives:

- To help even out unevenly distributed local tax capacity

- To overcome local unwillingness to support an adequate educational program
- To use the greater fiscal opportunities possessed by state government to distribute the burden of financing schools fairly
- To be responsive to court decisions holding state government ultimately responsible for financing public education

Most states use some kind of "capacity equalization" formula to compensate for differences in local taxable wealth, or "capacity." The most predominant among these formulas is the so-called "minimum foundation" program, which generally mandates a local real property tax rate or distributes funds based on an assumed real property tax rate. The mandated or assumed rate is, in effect, a state-wide property tax which state aid then supplements to even out school revenues. In virtually every state, local school boards face stringent limitations on the use of the local real property tax to supplement the foundation approach.

School finance formulas are not attacked because they are incapable of doing the equalization job. No, they fail mainly because policymakers and the public are unwilling to have the formulas do the job they are designed to do, namely provide roughly equal amounts of revenue per pupil. What Michigan has done is to reduce radically the local real property tax and severely limit "local leeway," that is, the real property tax revenue school boards could get by using their discretionary power to tax.

What does this mean for the state education association? State financial dominance and control makes school finance subject to fluctuations in the state's economy. The local property tax is a more stable revenue source than the state budget, which surges and ebbs not only with the state's economy but with state tax collections and political pressures. To the extent that school boards are forbidden to impose additional local real property taxes, the foundation program tends to be both a floor and a ceiling on school spending. People in affluent districts often would like to spend more. They plead for school choice. These restrictions may strengthen the choice movement.

The legislature could decide that the best approach is to establish a state-wide salary schedule without provision for local supplementation. Coordinated bargaining as a strategy for raising teacher salaries would disappear. The possibility of leveraging up education spending would diminish. Teacher salaries would be determined more by legislative lobbying than by local bargaining. Association resources would have to be reshuffled to this end.

The elimination of local bargaining over teacher salaries along with the narrowing of the scope of bargaining, which also occurred in Michigan, may undermine the solidarity of local teacher associations. Where a local revenue component is banned, teachers may see less need for a local association. In the past, local involvement on the part of the association has facilitated an increase of local spending and the adoption of other items on the state association's legislative agenda. New avenues for strengthening locals will have to be found.

A Shortage of Skilled Persons

The second of Pipho's points concerned the shortage of skilled and knowledgeable school finance people with both an understanding of the subject and the ability to build a political coalition that can fix its problems. In Michigan legislators eliminated the ability of local districts to impose a local school property tax without having any idea of the consequences this might have for school children.

Public education in Michigan has had its major source of financing sacrificed to the Ameri-

can obsession with taxes. The main beneficiaries of property tax relief are the commercial, industrial, and rental property owners. That is where a vast amount of property value rests in most communities. These are the persons and businesses often quite capable of assuming the burden of the property tax. They either bear the burden or pass it on to their customers or clients depending on the economic circumstances of their community.

Michigan voters have approved a sales tax increase, lured by the idea that tourists would pay a big share of it. So too will residents of the state! Tourists will pay no larger a share of the sales tax than they have in the past.

Budgeted state aid funds seldom bring spending in the poorest districts up close to the level of spending in the wealthiest districts. Under the pure form of any state aid formula, the greater the state share, the greater the equalization. Those in favor of eliminating the local school property tax claim that this action will improve equalization. They do not say that the restrictions on the local use of the property tax may, in the end, result in less rather than more money for schools.

The limitations of state aid formulas need to be a part of every education funding/taxation debate. We must continually sharpen our knowledge of education finance and develop more skill in seeing that legislatures take actions that help educate our school children.

Retooling Costs Money

The need for more investment in education grows daily. Some advocates of education reform contend that their ideas could be implemented at no additional cost, but that kind of thinking ignores both the importance of technology to modern society and the present condition of a large number of our school buildings and facilities.

In many states and localities, existing school buildings cannot accommodate the technology that is already commonplace in industry. How then can the schools respond to the business community's demand for a better educated youth? Access to technology in rich and poor school systems is already unequal. To bring telecommunications services and other technology to schools will take a massive infusion of funds.

Secondly, many of the nation's schools are in deplorable physical condition. Some buildings are beyond retrofitting. For budgetary and other reasons, school districts continuously tend to defer capital maintenance, which leads to further deterioration in the condition of our schools. The longer the deferral, the more maintenance and improvements will cost.

Manipulating formula factors or juggling the objects within existing school budgets is not the way to resolve the technological backwardness of our public schools. For educators, a superior education finance system provides enough resources to insure that an adequate education and similar life opportunity is afforded all students. What does society say to its children when they go to a school where the paint is peeling, the plaster is crumbling, the toilets are stopped up, the ventilation is inadequate, and the heating and cooling systems are out of sync with the weather?

So Much Unsettled

A good part of the foment in the education field these days revolves around whether the education reform efforts will actually result in improvement in educational outcomes. The lack of consensus stems from disagreement over what is to be measured and how it is to be measured, over what institutional arrangements are best calculated to produce improvements in outcomes, and whether improvements can be achieved without spending more money. The

controversy rages on among social scientists and education researchers but, in my opinion, Iris Rotberg summed it up perfectly when she wrote recently in ***Education Week***, "If money doesn't matter, surely the affluent school districts haven't heard the message."

The links between education finance and education reform cannot be ignored, no matter how much tax-sensitive legislators or enterprising reformers would like to think so. Congressman William Natcher from Kentucky, who died recently after a long legislative career, best summed up the rationale for public education: "I have always believed that if you take care of the health of your people and the education of your children, you will continue living in the strongest country in the world."

Is Public Education Necessary to a Democratic Society?

Kern Alexander
Virginia Tech

When we talk about school finance reform, school finance equity, equality of opportunity, we are hitting to the heart of democracy. Democracy, education, and equality are all entwined. We cannot have democracy without public education attending to that democracy. We cannot have equality without democracy. We cannot have education in any meaningful sense without equality. My comments are meant to briefly discuss this relationship.

Social Contract

In our democratic system we simply bind together people in a country or a state in a social arrangement, in what Thomas Hobbes described as "the social contract." The "Leviathan," the political state, is no different today than it was when he wrote about it in 1651.

Government protects the interest of the people. Morality and virtue in government are the objectives, not democracy per se. Democracy is preferable to other forms of government because it best ensures morality and virtue in government. A democratic system in which the majority makes decisions that are without virtue would be democratic, but would not be desirable government.

Educated Citizenry

Democracy, though, has a self-correcting gyroscope that allows an educated citizenry to correct the course and to keep it on track. The Vietnam War, for example, was the wrong direction for our government, and ultimately educated people corrected the course of government of the democracy. The theologian Reinhold Niebuhr has said that all governments are immoral. Our government is immoral in certain circumstances, but we find that it is simply more moral than most other governments. All of this is interlaced with the idea of an educated people. This morality is elevated and civic responsibility enhanced by means of education.

Lord Macaulay once said, "The people are governed for their own good. In that they may be governed for their own good they must not be governed by their own ignorance." Democracy is desirable because it best assures that government will act in the best interest of the people. At bottom, then, virtue and morality of government are our goals.

Basis for Democracy

Virtue and morality of government are based on two vital concepts of transcending human importance—equality and liberty. Education in pursuit of equality and liberty allows the people to exercise what Reinhold Niebuhr called "rational morality." Reason tends to establish and balance power between the rich and the poor. The force of reason in society works toward greater equality of power.

Adam Smith, the laissez-faire economist, in discussing the virtues of universal education, said, "An instructed and intelligent people are always more decent and orderly than stupid ones, and they are upon that account less apt to be misled into any wanton or unnecessary opposition to measures of government." Adam Smith saw universal public education as being important because it would keep the people from remonstrating against the government. He did not understand the concept that an educated people form the government, and are the govern-

ment, and are themselves the rulers. In his view, educated people operated under and within the wishes of the rulers and would not rise up against those rulers.

Democracy and Education

Niebuhr said that the principle of universal education was a product of the democratic movement initiated by middle class idealists. We are those middle class idealists. While the democratic movement in general was exploited and appropriated by the upper and middle classes without giving the industrial class the full share of education which democratic principles demanded, the idea of universal education redounded nevertheless to the benefit of all classes. It gave the industrial class the self-reliance and intelligence by which they could resist upper class efforts to exploit the democratic movement for class purposes.

In other words, universal education was created as a part of the democratic system. It is the foundation for the democratic system of government. It has been frequently exploited by the upper classes in order to take public resources for their own use, but public education by and large has been the great moderator of the influence of the advantaged classes over the poor and disadvantaged.

Democracy and Equality

The different forms of government owe their origin to differing degrees of inequality. A preeminent power vested in one or a few rich people would produce a monarchy. Many persons of advantaged position produce an aristocracy. Less deviation, more equality among the people in wealth and power, produces a democracy. That is why liberal democracy was able to gain a foothold in this country in the late 1700s and the early 1800s and why public education was seen to be essential to that democratic system. Equality fashions the desirable government. Democracy in turn best assures equality and liberty, and education buttresses both democracy and equality.

Consent of the Governed and Public Education

Politics in a democratic state is a means by which the sovereign power of the state is effectuated and enforced. Politics in a democracy is the peaceful process by which persons acknowledge the exercise of power and bestow it upon those whom they choose to lead them.

A democratic society is volitional. The consent of the governed is required. It is that consent of the governed that is so important when we discuss public education. As part of this volitional arrangement, the public schools are dependent upon the free will of the people to contribute in common through their taxation for the general education of all. When we establish systems in which all are taxed and the benefits are gained by a few, then we are departing from the concept of public universal common education. When we establish taxing systems that provide greater wealth and greater resources for some and permit enclaves of the wealthy to draw public resources for their own self-interest, then we violate the concept of public common schools and democratic principles as well.

A democratic society cannot function as a viable institution without the means of persons authorizing the powers of government. The citizens and taxpayers authorize the power of government through election of their legislatures.

Obligation of Government

There is a reciprocal obligation of those in government to provide the moral ends that a democracy and a public education system are

designed to achieve. This is the point at which we often see a breakdown in the financing of education. These moral ends are violated by inequalities in the distribution of state school funds. Moreover, funds are diverted and inequalities created and exacerbated by voucher systems, tax credits, or even by some so-called charter schools.

If we reach a point that the elected officials do not respond to those democratic ideals for equality of educational opportunity, if the legislatures cannot deliver in this reciprocity of obligation, then those who are deprived have an obligation to themselves and others of like situation to seek redress in the courts. If the courts cannot deliver that reciprocity of obligation, then there is and will be developing what the social scientists call "a crisis of regime."

Unity

There has been a substantial concern of late over the pulling apart of America, the erosion of the ideal of commonality, and the absence of unity of purpose in the country. Arthur Schlesinger has probably best enunciated this in his book, *The Disuniting of America*, in which he maintains that the central values on which the United States were founded are now becoming lost in ethnic, cultural, linguistic, nationalistic, and religious divisions. Assertions, for various reasons, of group identities and interests superseding the ultimate bond of union, unity, and wholeness of a homogeneous society are an ominous experiment.

In Schlesinger's view, the genius of America lies in its capacity to forge a single nation from peoples of remarkably diverse racial, religious, and ethnic origins. It has done so because democratic principles provide both the philosophical bond of union and the practical experience of civic participation.

Rights

Importantly, Schlesinger points out that the Constitution of the United States guarantees individual rights. It is not designed to guarantee group rights or the splintering of groups from the central commonality of a homogeneous society. This is indeed a troubling aspect of our American society as we look to the future.

A democratic political system is not value-free. It has to reflect the value-laden ideals that are required of a virtuous government. Authority is vested through this democracy. Imbalances are created by enclaves of special interests.

Education in a Democracy

There are three purposes of a democracy on which education has a direct bearing. Democracy ensures security, governmental stability, and welfare and social justice. In each of these, education plays a vital role. Fukiyama, in *The End of History and the Last Man*, observes that the most powerful argument linking economic development and the wealth of nations to liberal democracy is that liberal democracy demands the participation of educated citizenry to function effectively. In turn, equal educational opportunity for self-development directly translates into the internal and external security and the economic productivity necessary for a nation.

Stability in democracy is guaranteed and assured by an educated citizenry. Stability is vital to a state or a nation. Stability, though, has to be reasoned or rational in that it is susceptible to change and is not maintained to preserve the advantages of earlier generations. Stability as a simple peace-keeping doctrine is not healthy. Stability in the sense that there is an energy for necessary change is healthy, and an educated citizenry guarantees it.

The third important aspect of democracy and education is that a moral and democratic society promotes welfare and justice and tends to upset stability when that stability freezes into place inequality or denial of liberty. The positive role of democracy was understood in The Enlightenment of the 18th century and continues to pervade political thought today. Where political leaders are confined to decisions made consistent with the moral underpinnings of the educated citizenry, the nation will likely be strong and viable.

Politics of Democracy

This political view of democracy moves society to attempt to remediate educational disadvantages caused by natural, economic, or environmental conditions. The politics of social justice argues for governmental action to address differing educational needs as well as to mitigate the educational disadvantages of children in low-income and property-poor school districts.

The politics of democracy requires an education that makes the people demand of themselves a dignity and morality of purpose that are not present in an uneducated or a poorly educated society.

General Will

Education, democracy, and equality are therefore intertwined. The education on which Rousseau relied was public education, the commonality and general purpose of public education, the general will.

How do you accommodate and accomplish the general will of a democratic system? You move from the particular will to the general will. The general will is not just the sum total of the individual wills of all of the people, rather, it is the will of the composite whole. It is the general will, a commonality that we can only achieve through a well-educated citizenry, a publicly educated citizenry.

Therefore, it is vital to our considerations here to address public school finance in the context of common purpose and what we know as the common public school ideal or the theory of democracy as supported by the public common schools.

Outcome-based Education as a Product of Trends in School Finance Litigation and School Reform

Alan Odden
Wisconsin Center for Education Research

Trends in school finance litigation and in the education profession are raising the issue of how we ought to rethink school finance, especially in the light of the results-driven education reforms that seem to be sweeping the country. In addition to describing these trends, this presentation outlines the potential changes these trends may produce in the structure of the education and school finance systems.

Trends in School Finance Litigation

Today a policymaker who is confronted by a lawsuit alleging an inequitable finance system must assume that attempts to defend that system will not prove successful and new court directives will impose very expensive costs to the state. In spite of a couple of recent exceptions, the story of litigation in the late 1980s and 1990s is a winning story for the cause of equity in funding. The nineties began with state supreme court decisions that overturned the school finance systems in Montana, New Jersey, Kentucky, and Texas. Since then similar rulings have been issued by the supreme courts in Arizona, Massachusetts, New Hampshire, North Dakota, and Tennessee and lower courts in Alabama, Missouri, Ohio, and Rhode Island.

Movement toward Equal per Pupil Expenditures

In judging the constitutionality of school finance systems, the courts seem to be moving away from fiscal neutrality and toward a standard that requires substantially equal per pupil expenditures. The older fiscal neutrality standard permitted variations in per pupil expenditures, but provided that a guaranteed tax base had to equalize the per pupil revenues between property-poor and wealthy districts with the same tax rate. Since the mid to late 1980s, the courts have been moving away from allowing local fiscal control through tax rate difference and demanding substantially equal per pupil expenditures across school districts. Per pupil expenditure differences are permitted to vary by differences between districts with regard to pupil needs and other local costs. However, apart from these adjustments, a developing new standard seems to demand equal spending per pupil.

Recent decisions in Alabama, Minnesota, New Jersey, and Texas provide examples of the new standard at work. In Alabama, the lower court held that since the richest and the poorest districts were part of the system, the extreme differences between them were a sufficient basis to declare the system unconstitutional. In Minnesota, while its decision was eventually overturned, the lower court found a school finance system unconstitutional in which the top 10 percent of the districts were spending about 10 percent more with about a 10 percent higher tax rate. Similarly in Texas, the supreme court overturned the school finance system because expenditures were not equalized among the 5 percent of districts that were either super rich or dirt poor, even though 95 percent of the districts had substantially equal expenditures. Finally, in an explicit equality decision, the New Jersey Supreme Court required the state to insure that expenditures in the bottom 28 poor urban districts would be at least equal to the level of the rich suburbs.

Court-Mandated Standards-Driven Reform

The trend represented by the new adequacy cases is even more significant than the trend in favor of equal spending. State constitutions generally use vague adjectives such as "thorough and efficient," "common," or "uniform and gen-

eral," to describe the education that the state must provide. In adequacy cases, the plaintiffs inject real meaning into these vague adjectives to claim that the state has to provide an adequate school system. They use concrete examples of conditions in poor and wealthy districts to demonstrate the relative inadequacy of the programs in poor districts. The conditions highlighted in the poor districts include dilapidated buildings, very large classes, narrow curricula that lack electives and advanced courses, a lack of librarians and counselors, underserved special education students, lower teachers' salaries, and fewer benefits. Where these conditions can be illustrated, the courts are increasingly willing to declare that a school finance system is unconstitutional.

Initially, adequacy claims were greeted with skepticism because educational standards are usually developed as minimum standards—very low hurdles that everybody is able to walk over. However, the recent court decrees in adequacy cases from Alabama, Kentucky, Massachusetts, and Rhode Island are hardly minimal. In these decisions the state is required to finance an educational system that has high student performance standards and provides all students with high levels of competencies or knowledge in many content areas, including reading, writing, mathematics, science, health, politics, economics, and the arts.

The current wave of adequacy rulings began with the Kentucky decision in 1989, but accelerated with the 1993 Alabama decision. In that case, the court held that the educational system must develop learning goals and performance-based measures of student achievement. The system was required to develop standards for teacher education and measurable competencies that might be used as criteria for licensing teachers and determining their pay. The system was expected to have an accountability system with clear sanctions and rewards. The decision also mandated school-based management, staff development, and new forms of teacher compensation. All of these requirements were contained in just a few pages in the original decision, followed by a 19-page, single-spaced document that provided details regarding requirements for buildings and facilities, for coordination between education and other children's services, and for technology.

The student achievement expectations from Alabama have been incorporated with or without formal citations in the recent rulings in Massachusetts and Rhode Island. To some extent adequacy decisions in school finance cases have produced court-mandated, results- or standards-driven, education reform. According to David Tatel, this trend in school finance cases is similar to the trends in desegregation cases where litigation seeks to obtain a very high quality education program in addition to racial balance.

Trends within the Education Profession as a Source of Reform

Results- or standards-driven reform has also been promoted by new influences within the education profession. These influences include the professional content groups, the National Board for Professional Teaching Standards, and the movements for competency-based teacher certification, performance-based student testing, and systemic reform.

Professional Content Groups

Ten years ago, education reform professional content groups, such as the National Council of Teachers in Mathematics (NCTM) and the National Science Teachers Association, were not even on the education reform radar screen. However, today these and other content groups are very influential and are issuing new standards for curriculum, instruction, and assessment in subject fields that include art as well as

mathematics and science. By informal but conscious processes, these standards will be linked to the standards developed for teacher certification and testing.

The National Board for Teaching Standards

The National Board for Professional Teaching Standards began in 1994 to measure standards for the expert practice of advanced teachers. Standards for Board certification are linked to the new curriculum standards being developed by the professional content groups. For example, the certification standards for mathematics teachers developed by the National Board for Professional Teaching Standards are closely linked to those developed by the National Council of Teachers in Mathematics.

Other Standards-Driven Initiatives

In addition to new curriculum standards, other forces are beginning to have an impact on teacher certification requirements. Traditionally, beginning teachers received lifetime certification if they completed a set of required college courses. However, state agencies, influenced by teachers, are considering requiring education school graduates to pass performance-based tests of knowledge and skills as a precondition for initial certification. Initially certified teachers would not be eligible for full certification until they had taught for several years.

Another key piece of standards-driven reforms involves changes in student testing. Psychometricians at the state and local level are moving away from norm-referenced paper and pencil tests and toward criterion-referenced, performance-based tests. This change is technically difficult and many mistakes have been made. Nonetheless, progress is also being made. States like California, Connecticut, and Kentucky have systems up and running that appear to be working well and are more reliable than a full flowing portfolio assessment.

Proposals for Systemic Reform

Finally, in the last five years, state and national policymakers have become enthusiastic about systemic reform. Unlike the fragmented reforms of the early 1980s, systemic reform calls for a broad-scope plan that links ambitious student achievement goals with changes in areas such as content standards, performance assessment, and teacher training, and restructuring of finance, governance, and the teacher pay system.

Goals 2000 Demands High Achievement Standards for All Students

The initial premise of systemic reform is the setting of high achievement goals for *all* students in the content areas. Logically systemic reform recognizes that these goals must be linked with the development of content standards and performance assessment programs.

The overall policy direction for systemic reform has now also been undergirded at the federal level. The federal government's Goals 2000 proposals articulate the general goal of high achievement for all students and propose the development of voluntary standards for content, performance assessment, and opportunity to learn. A board is to be created to monitor the development of these standards and certify them. While the federal government will promote these standards, the standards, like the NCTM standards for mathematics, are to be created by professional educators rather than federal officials.

Proponents of Goals 2000 expect to promote systemic reform through the use of federal aid. New federal dollars will be made available for state departments of education to develop systemic reform plans covering nearly all aspects of education. Money may also be available for staff development, which is heavily emphasized by

Goals 2000. Chapter One aid will have to be used to educate disadvantaged students to the high levels defined by the "voluntary" standards.

Implications for Finance and Governance

These standards also will be used by the courts in school finance cases. As achievement standards and programs for meeting those standards are developed, plaintiffs in equity and desegregation cases can be expected to refer to them because they are authoritative, developed by the profession itself, and widely promoted by state and federal policymakers. As a result, the courts could likely mandate their implementation.

In effect, the development of professional educational standards could gradually create the legal right of children in poor school districts to demand access to programs, such as preschool, full-day kindergarten, and tutoring for students who are falling behind, that promote high-level achievement. The school finance system will simply have to come up with the funds to finance such effective programs.

Proponents of systemic reform see it also as leading directly to school-based management and school-based financing.

Decentralized management is appropriate in education because teaching involves the three basic conditions held to require a decentralized, high involvement management system. The work is *intellectually complex* because it requires teachers to have a mastery of subject matter and pedagogical techniques and an ability to think on their feet. Teaching is *best done as a team enterprise*. Collegiality or working together as a faculty is associated with higher student performance and better functioning schools. Thirdly, a school represents *a rapidly changing environment* as a result of demographic changes or simply day-to-day changes in the students' mood. These three characteristics indicate that teaching by its nature is best governed through school-based management.

However, the kind of school-based management needed involves serious decentralization of management rather than some of the narrow programs that exist today. Between 80 and 90 percent of school district budgets would be turned over to individual schools and an on-line accounting system created to give people at the school access to all the fiscal data for the school. The school, rather than the central office, would be responsible for recruiting and selecting teachers. In order to train school staff to manage the schools, 2 to 4 percent of site education budgets would be required every year for professional development. This expenditure should be considered as on-going forever.

Implications for Teacher Compensation

Finally, instead of being based on education and experience, teacher pay could be based on direct knowledge and skills. Logically, as the technology is developed to measure knowledge and skills for purposes of certification, that technology will become available and usable for determining pay.

Obviously, this type of school-site financing and teacher compensation is a new approach for education associations to consider. Over the course of the next two to five years, the Consortium for Policy Research will be working with the National Education Association and other interest groups to rethink the many ramifications of systemic reform—in particular the impact on student welfare and achievement vis a vis the effect on education financing and teacher compensation.

The Outcomes-Based Accountability System in Dallas

Sandy Kress
Vice President of the School Board
Dallas Independent School District

The Need for Accountability

If educators are going to become practical and successful in finding additional resources, we need to move more and more to results-oriented, results-based education. We need to move in this direction because the public expects it of us. Without it, we are not going to get the funding, the improvement, the growth in performance and confidence that we need.

The Dallas school board learned this lesson four years ago when they sought approval for a $275 million bond issue to rebuild schools. They came to the conclusion that the public was not very interested. Based on its impression of public education in general and the school district in particular, the public was not prepared to support that kind of campaign. As school board members went around the community, they kept hearing that the community wanted to see accountability for improving students' achievements. They wanted to know that performance mattered. They did not have that feeling about our schools.

In response, the Dallas school board has created an accountability system that attempts to do three things:

- Produce information that can be and is used internally for school improvement.
- Persuade the community that the public schools are seeking improved student achievement and to support the schools' effort with more resources and collaboration.
- Persuade school employees that the system is fair and something that they should support.

The Dallas Accountability System

Defining the Concept

While the district-wide task force that oversees the accountability system includes administrators, board members, and community representatives, the majority are classroom teachers. Setting up an accountability system requires that decisions be made regarding methodology, goals, weighting factors, and the consequences of the system. In Dallas, the school system decided that the people making th se decisions ought to have a stake in the goals a d the outcomes of the system they were creating.

The accountability system used in Dallas tries to get a sense of the value added by the school. How is a school doing against expectations that we reasonably could set for that school? How has the school done in moving its students ahead of what we would have predicted based on growth in the district and based on the characteristics of students in that district and their past performance?

Setting Expectations

Expectations are defined for schools in terms of improvements in achievement test scores and other outcome data. One measure is the increase in the percentage of the student body passing the state's criterion-referenced minimum competency test. Another measure is the increase in scores on a nationally norm-referenced achievement test. In addition, the system is beginning to use other measures including dropout rates, atten-

dance rates, and participation in advanced and honors courses.

Students around the district who have certain characteristics perform at certain levels. If one identifies the characteristics of the student body at a school and looks at how similar students have done around the district, one can develop a sense of how that school would do on a variety of measures. Then the question is, is the school performing better than that level of expectation, at that level of expectation, or below? Expectations are developed separately for students with different racial/ethnic, language, and socioeconomic characteristics throughout the district based on their achievement growth over the past year.

In addition to student characteristics, expectations are developed based upon school characteristics, including size, overcrowding, and student mobility. Size is included because the task force concluded that larger sc' ools are harder to manage and harder to change.

Finally, in setting overall expectations, improvement in reading counts more heavily than other possible outcomes, since the community in the Dallas school district places a high priority on gains in reading.

Comparing Schools

No teacher or school can be fairly evaluated based on the performance of students who enter the system on the last day or the last few weeks of school. In Dallas, schools are evaluated based only on the performance of students who have been continuously enrolled after the first 6 weeks of school and for whom both pre- and post-observation data are available.

By using expectations based on the past performance of students and schools with given characteristics, the Dallas accountability system avoids many pitfalls that are found in other systems that are used to compare schools on outcomes.

The Dallas schools are evaluated based on an effectiveness index—the difference between what their students achieved and what they were expected to achieve expressed as a ratio. For example, if school A, with low-performing students, achieves 20 percent above what is expected for its students, school A's effectiveness index is 120. In comparison, if school B, with high-performing students, achieves no more than it would be expected to achieve, its effectiveness ratio is 100. School A is doing a better job than school B, even if the average score of school B is higher. As a result, no school is rewarded or penalized because of the composition of its student body.

Some might feel that the system short-changes minorities by using past performance as a baseline and allowing lower expectations for schools with a high percentage of minority students. Not all schools will be able to reach "world class standards" or "Goals 2000" in the same time because they are not starting from the same place. By setting realistic standards for growth each year, the Dallas system does more to push minority schools toward Goals 2000 than a system that attempts to use those goals directly. An expectation for continuous improvement is built into the system. Any school, including a school with a largely at-risk student body, that comes out on top of expectations one year will find that they will have to meet higher expectations in the following year to stay on top.

High-performing schools may have a harder time making further gains than a school that is starting from a lower level. A common stereotype suggests that schools can make a big gain once and then they cannot do any more. However, the Dallas system recognizes these potential problems and recognizes gains that take place in high-performing schools. Many schools have

been recognized as winners two years in a row. The system does not punish high-performing schools.

Rewarding the Winners

In the 15 to 20 percent of schools that have gone farthest in exceeding expectations, each teacher receives a $1000 bonus, while other staff members receive $500. The rewards are paid from a $2.5 million reserve that is funded partly by the school district and partly by private corporations and foundations.

Not all funding decisions are based on the performance measurement mechanism. Apart from the performance-based rewards, basic funding is roughly equal per school with the exception of greater funding provided for schools that have the largest number of at-risk students.

Does the System Work?

If the system is working, it should correctly identify relatively strong and weak schools, and there should be some evidence of actual improvement in achievement for the system as a whole. Intuitively, the Dallas school district is confident that if someone visited the schools identified as the top schools, they would agree that the accountability system had made the right choices. It also identifies schools that are not so effective—where greater staff acceptance of the concepts of the accountability system, commitment, and appropriate resources are needed to deal with problems.

In addition, the evidence on growth in mathematics achievement shows that since the accountability system was established at the end of 1991, the prior stagnation that existed during the late 1980s has been replaced by significant growth. Mathematics achievement in Dallas has progressed from growing more slowly than the nationwide norm in the late 1980s to growing faster than that norm since 1991. This progress has taken place in a district in which 85 percent of the students come from minority backgrounds and two-thirds are eligible for free or reduced-price lunches.

Finally, accountability ultimately means placing real power to make decisions regarding budget, curriculum, methodology, and personnel in the hands of those closest to the students. While the system is not moving as some of us would like, it is moving in the right direction.

FROM THEORY INTO PRACTICE: STATE EXPERIENCE WITH DESIGNING AND FUNDING REFORM

WISCONSIN'S EXPERIENCE WITH LINKING EDUCATION REFORM AND FINANCE

Charles Lentz
Executive Director
Wisconsin Education Association Council

I very much appreciated the comments of Kern Alexander this morning and that the conference took time to focus on the seminal point of public education and its meaning to democracy. Perhaps you have the same reaction I have on many days. Having discussed, debated, and argued educational issues with legislators, governors, members, and unfriendly media all day, I get home and turn on the television set to be confronted with absolute human misery in Somalia, Rwanda, and Bosnia. I try to make sense of it, to put it into perspective. Thanks to Dr. Alexander's remarks, I expect to have a better perspective on these human events.

I heard him say that the human condition is such that were it not for the value of public education, it is possible that we, in this country, could revert at any time to the behaviors we view nightly on TV from places all over the world.

That comment recharged my personal batteries. I won't mind debating so much, or arguing or wrestling or whatever it takes, in order to make whatever small contribution I can to our organization as it makes the case on behalf of public education. Dr. Alexander gave me an overview and I address my comments to you from that perspective.

In a similar vein, an essay by Benjamin Barber, published last November in *Harpers Magazine*, entitled "America Skips School," left a deep impression on my thinking. The title belies the importance of the message. Barber points up the importance of public education to our society. For months I carried 8 or 10 copies in my briefcase to give to legislators and others who started not to make sense in their criticism of public education. I would hand the person the essay and suggest that they read it because it addresses the purpose of public education.

Barber makes the argument that private schools and parochial schools are good schools, good institutions. They should exist. But they are not just one of a set of alternatives, public schools being another alternative. The public school system is essential to democracy, to its health. Indeed, democracy cannot exist without the public school system. So I commend that to you for your reading. You too might find some political use for it from time to time.

Steady Effort toward Education Reform

In its education reform efforts, Wisconsin does not have quite the dramatic flare of a Kentucky or a Michigan. We have been dabbling in various efforts over a longer period of time. That does not mean that education reform is less controversial or more comfortable to work with in Wisconsin than reform is in Kentucky or Michigan. I think high anxiety over education reform is the common experience among all of our states no matter where we are.

I offer a brief review of the recent history of education reform in Wisconsin: it may parallel some of your experience. We are all noting, are we not, that the boundaries of states no longer determine distinctive ways of dealing with education issues. What we are seeing are common strategies among governors in their legislative objectives and political behaviors. And too often we feel our state associations sit in the gun sights of these gubernatorial strategies.

Nation At Risk Trigger

Wisconsin, like most states in the mid-1980s, responded to *A Nation At Risk*. The governor and the legislature developed a blueprint for excellence. Every state had a blueprint for excellence. Policy makers in Wisconsin developed 20 standards of excellence. Most were self-evident: have licensed staff; have a professional development commitment for your licensed staff; have a kindergarten program; have guidance and counseling services; have health, art, and music curriculums at the elementary and secondary level; have instruction in foreign languages beginning in grade seven. After a few years, the burden of meeting these standards became too great, and the legislature sought alternatives.

At the same time, the education community also became critical of the standards, holding that they infringed on local autonomy and created unnecessarily difficult administration demands. The education association joined the debated, arguing, within our membership, that adherence to standards diverted money away from salaries and other things important to instruction.

The experience with standards was thus somewhat troubling. As media pressure began to be generated, usually in terms of criticism of public schools, the institution of public education and the legislative system were compelled to do something with what is called "education reform." But, as even this short history has shown, there are many different ideas of what educational reform actually means.

The Opening Gambit in Education Reform

The first "reform" that was put into place was the Milwaukee private school choice program. It is, in effect, a voucher system. Although it has attracted national attention, its dimensions are relatively simple. It is intended to serve a maximum of one percent of the Milwaukee student population, but not that many have applied for a position in the voucher program as yet. In order to qualify, a child has to be from a family that is at a certain percentage of the poverty level. It is directed primarily at inner city children . And, it implies very hurting criticism of the Milwaukee public schools, namely, that the inner city schools in Milwaukee are not sufficiently serving the needs of those children.

Chartered Schools

A year after the Milwaukee choice program was enacted, the Wisconsin legislature passed chartered school legislation, which permits ten school districts to apply for the establishment of chartered schools. Some applications have been made, but no chartered schools have been established. The Wisconsin legislature's action again received such magnified play in the national media that there is an assumption that chartered schools run throughout Wisconsin and, indeed, throughout the United States. That is not the case.

Wisconsin has had no previous experience with chartered schools. There is a great deal of ongoing debate over how the schools should be arranged. The association is involved—emphasizing the need to make chartered schools public entities rather than private entities.

In addition to the choice controversies, two other problems have appeared. First, after seven years of trying, the governor has succeeded in restricting the bargaining process by eliminating arbitration. At the same time legislation was passed to limit the amount of revenue going into school districts. This caught school districts at various points in their budget process. Some are better prepared to deal with the trauma of this new constraint than are others, but every move has an impact on our members and we fear that this problem will worsen as we go along.

Finance Reform

In 1994, the Michigan property tax virus spread to Wisconsin. The assembly gave consideration to totally removing the use of the property tax from schools. Ultimately, the legislative process brought a commitment to fund public schools at two-thirds state aid, one-third local property tax effort. Property taxes in Wisconsin have been very high and the commitment now is to reduce, in actual dollar terms, the number of dollars committed in property tax to the schools.

But, as in Michigan, no one has actually come up with revenue to do this. We are kind of in mid-leap doing a lateral pirouette to determine how we can shift $1 billion of property tax relief onto other revenue sources. The governor is proposing to do this simply by squeezing the fat out of state government, a position that has our higher education members alarmed. In the end, of course, it is going to take a combination of spending cuts and tax increases, and we have to begin exploration of that.

This brings me back to my earlier point about the difficulty of defining education reform. At the present time, in Wisconsin, it seems as if reform has several faces. The conservative movement views reformed public education as a system of institutions that provide information, specific kinds of information. The liberal progressive movement defines it as kind of a social hospital, organized to take all the social ills into a common experience in the public schools and create a better society. Business sees it as an incubator for a quality work force.

The education community says reform is not the right word. What we are talking about is revitalization, reinvigoration. We make improvements each day as we go along.

Kentucky's Experience with Linking Education Reform and Finance

Gretchen Lampe
Kentucky Education Association

When the Council of Better Schools decided to take on the Kentucky legislature by filing an equity suit over the funding of public education in Kentucky, they were asking only for a more equitable funding system. The court and the legislature in Kentucky provided that and more. The saying is, be careful of what you wish for, you may get it.

Kentucky's Supreme Court basically discarded all the laws that related to the schools and forced the governor and state legislature to recreate school law in Kentucky. Thus, education reform and education finance unavoidably were linked.

The Supreme Court decision said that whatever the legislature created had to be *equitable*, *adequate*, and *efficient*. The legislature has begun to deal with *equity* in school funding. Whether Kentucky will ever achieve *adequacy* and how *efficient* the system will become in the process are two questions yet to be answered.

The Kentucky Education Reform Act

The Kentucky Education Reform Act (KERA) begins with these words:

> The General Assembly recognizes that public education involves shared responsibilities. State government, local communities, parents, students and school employees must work together to create an efficient public school system. Parents and students must assist schools with efforts to assure student attendance, preparation for school and involvement in learning. The cooperation of all involved is necessary to assure that desired outcomes are achieved.

Note how everyone is involved; citizenry, parents, students, and school employees all have to make a commitment. This commitment is regarded as basic to the effectiveness of the KERA program.

As a result of the sweeping changes now going on in Kentucky schools, the state education association has had to rethink some of its organizational arrangements and activities. Kentucky does not have a public employee bargaining law. Bargaining occurs in the absence of a law. As education system reforms are proposed and enacted, new and interesting opportunities are opened to our members. At the same time, their basic employee rights must be considered. As the all-too-familiar discrepancies arise between what the legislature wants to happen and what it is willing to pay for, the welfare of our members must not be allowed to fall through the cracks.

The Many Strands of KERA

KERA has several different strands. Some of them are related to education reform and others are principally school finance issues. The funding strand is called SEEK, an acronym for "Support Education Excellence in Kentucky." It is Kentucky's minimum foundation program through which state money is allocated to schools.

Besides SEEK, there is KETS, the Kentucky Education Technology System; a program established to provide technology in the classroom. Its goals include putting at least five computers in every classroom, a computer on every teacher's desk, telephone systems in the classroom, inter-

active links, and related technology. Currently, the price tag for KETS is $542 million, substantially more than will be available from existing revenue sources.

KERA also has an assessment strand, a criterion-referenced, performance-based system of assessment that includes portfolios as well as multiple choice tests and performance events. The assessment, which will be based on 65 "academic expectations," will be administered at the fourth, eighth, and twelfth grade levels. Since this will be a continuous process, every child in the state will ultimately participate in performance assessment.

At the same time the student assessment is developed, plans are being made to establish baselines for the assessment of school performance and guidelines for rewards or sanctions based on school performance are being drawn up.

KERA also established an education professional standards board, which is nearly autonomous and has a teacher majority. In its two years of existence it has lifted 64 certificates. Other strands of KERA call for extended school services, after school and summer programs, and the like. The extended school services program has been extremely successful. It has a transportation component and teachers are paid additional money for working in the after school program. Another program's acronym is FRYSC (pronounced frisky) meaning Family Resource/ Youth Service Centers. This is the collaborative agency model approach, combining programs from various agencies to assure that all children's needs are met. The centers must be school-oriented and located close to schools. Some 600 of these centers are planned and many are already in operation.

KERA also has elements that provide multicultural education, preschool programs, and professional development.

School-based decisionmaking is the means the legislature chose to empower teachers and parents. Where school-based decisionmaking has been initiated, our teacher-members are empowered and they are very enthusiastic about it. At the same time, school-based decisionmaking has important implications for education associations. The local association is no longer the sole messenger of strength through unity; we must look to individual schools and have really good reps in each building.

KERA's stated goals are that schools shall

- expect a high level of achievement of all students
- develop student abilities in six areas
- increase student attendance
- reduce dropout and retention rates
- reduce physical and mental barriers to learning
- assist students in making a successful transition to work, post-secondary education, and the military

One of the tools of reform that KERA makes available to schools is the Kentucky distinguished educators program. If schools are not successful in meeting the stated goals, distinguished educators are sent out to help them. In the absence of a public employee bargaining law, school authorities have the power to hire and fire staff without the grievance process. The distinguished educators may see replacement of staff as the quickest, easiest way to change the situation. That is a cause for unease among members of the association.

Linking KERA and Its Financing

Unfortunately, KERA raised unreasonable expectations with all those strands of reform. New methods require new materials, expanded

library facilities, different types of classroom furniture, and all kinds of resources to stimulate the children, not only academically but also in the arts. A 15:1 student-teacher ratio in the classroom is recommended for best practice, or the provision of aides when the ratio goes to 24:1. In all of this planning, nobody ever put pencil to paper and said, this is how much it will cost.

This is not to say that the legislature was blind to the need for increased funding for this admittedly ambitious program. New tax measures were enacted, including personal income tax reform, a one cent increase in the sales tax, and a modest increase in the corporate income tax. A combination of education reform and a new system of funding schools was envisioned that would be sensitive to children's needs. It included an exceptional child component, an at-risk factor, and even a provision allowing local districts to raise their local taxes and be rewarded for increased local effort.

Kentucky's problem with KERA is a multi-million dollar gap between what the state thought the new taxes would bring in and what has actually been collected. Based on the state's recent economic performance, the gap should be substantially less than it now is. But because our tax system is antiquated in various ways and tax administration is not as effective as it should be, tax collections are not what they should be.

The Effects of KERA So Far

Has KERA had an effect? The performance indicator scores show some improvement, especially in writing and reading. We think the indicators will continue to show improvement. We continue to study whether this system is valid and reliable.

Increased basic funding is needed to fulfill the promise of KERA. Teachers are really excited about it. The challenge is to find enough resources to put all the strands in place.

Michigan's Experience with Linking Education Reform with School Finance

Al Short
Michigan Education Association

On election day in 1992 at 11:00 p.m., I left Lansing, the capital, feeling very good. We had just defeated two ballot proposals that would have reduced property taxes for the schools without providing replacement dollars. The Michigan Education Association had lobbied vigorously and the proposals were defeated substantially. Indeed, the next day, the newspapers declared that MEA was once again a big winner at the state capital.

A Wake Up Call

However, on that same election day the 110 House members of the Michigan legislature were up for election. When those votes were announced early the following morning, Michigan had an evenly split House: 55 Republicans, 55 Democrats. The Republicans had prevailed in the Senate and we also had a Republican governor, who was elected in 1990. I went from a high to a low in five hours. Governor Engler and the MEA had first tangled in a 1972 election, and he had not forgotten that we endorsed his opponent. I had the feeling that MEA was headed for big, big trouble.

The first bill introduced in 1993, Senate Bill 1, was a bill to reduce the local school property tax by 20 percent without one dollar replacement. That was the shape of property tax reform in Michigan. If schools wanted to increase their revenue, they would have to ask the voters to increase the millage level. That represented local control.

MEA's position was, "Yes, we ought to do something with the property tax, which is higher than in many states. However, we need dollar for dollar replacement. We will not support any package that does not have the replacement dollars."

A Failed Effort Earlier

In late April 1993, the governor and the legislature worked out a ballot proposal for a school finance reform program that involved an increase in the sales tax of two cents, a substantial reduction in the property tax, and a move from an equal yield formula to a foundation program. This proposal would have resulted in a $600 million increase in school funding for the 1993-94 school year over the 1992-93 period.

Business, labor (including MEA), the education community, and the governor all supported that ballot question. We spent millions of dollars, waged a tremendous campaign, did everything right, and we lost by seven percentage points. Why? We discovered through polling that the voters did not have a clear idea of what the alternatives were, that is, what was going to happen if the proposal did not carry. And respondents also told us that they had no confidence in what would happen if it passed. "You'll turn around and still raise the income tax."

The Issue Is Property Tax Relief, Stupid!

Property tax relief has been a topic in Michigan for 20 years. It didn't just spring up in one day. But a great many people were unprepared for the swift action that began July 20, 1993. Once again the legislature was considering a 20 percent property tax reduction with no replacement dollars. The Senate appeared ready to pass it. An evening session was called to debate the bill.

A Democratic Senator got to the microphone without telling anybody and said, "Well, if that's what you're going to pass, a 20 percent reduction without any replacement dollars, let's go all the way. Let's just put an amendment in this property tax act that says that you cannot use the revenue from an ad-valorem tax to fund schools."

And a conservative Republican jumped to the microphone and said, "That's a great idea." The Governor weighed in with, "Let's call their bluff." All at once an off-hand idea designed to stimulate thinking started to snowball. Before that evening was over, 33 out of the 38 Senators, bipartisanly, supported the amendment to remove revenue from the ad-valorem tax. Even though the school property tax has all been voted locally—it was not statewide tax, the Senate voted to remove it. Seven billion dollars to fund schools was wiped out in a moment. There was no discussion about replacement dollars, no discussion about how Michigan would fund schools. Just get rid of the local school property tax.

The next morning the bill came over to the House. We could not stop it. The train was on the track. Get out of the way! In fact, legislators came off the floor celebrating. "We've washed our hands of the property tax. Washed our hands of the property tax! We're free. Free at last! We don't have to deal with this anymore." That proved to be not exactly true.

The Replacement Question

About two weeks after eliminating the local property tax for schools, some legislators realized that they had to replace $7 billion and every dollar would be a tax increase. "What do we do? What do we do?"

The Michigan Education Association called a special convention and revamped much of its lobbying operation. We established ten work groups in the state, pooled our UniServ staff, and strengthened the tie-ins back to the field staff. We asked our members to contribute $90 in addition to the dues so we could mount a campaign to restore school funding. Michigan has been spending $9.6 billion a year on public education. We adopted the position that we had to replace that amount, plus additional dollars needed to cover increased enrollment, rising costs, and program improvements. We did not care what the mix of revenues was as long as the lost money was replaced. We emphasized income and the property taxes, which have federal deductibility.

Don't Feel Sorry for Us

Governor Engler gave his "state of education" address on October 5,1993. He called for spending of $9.2 billion, $400 million less than they spent in the 1994-95 school year. Yet he wanted a world class education, an expanded curriculum, and more productivity from the education community! From that date in October until December 24th, the legislature worked on school funding. There were 26 bills in the legislative tax package involving $10.6 billion of taxes. Thus, education ended up $1.4 billion higher than the governor had called for. It is $1 billion higher than what Michigan is spending this school year.

Major changes have been made in the way we fund schools in Michigan. A statutory plan and a ballot plan were written, and the crucial point was that if the ballot plan for a two cent increase in the sales tax failed, the statutory plan calling for an income tax rate increase from 4.6 to 6 percent would take effect. Other legislated changes in Michigan's tax laws would also take effect. In reality, only $1.8 billion out of the $10.6 billion package was on the ballot on March 15 this year. Yet, if you look at the press and the ads in Michigan, the whole package was up. It was

never true. The legislated changes amounted to $8.8 billion and included an income tax increase, a single business tax increase, a cigarette tax increase, and a real estate transfer tax increase.

The Property Tax Contribution

Every property owner in the state will pay 6 mills across the board, which is a statewide educational and finance authority tax that goes to the State of Michigan. Locally, every district has to levy 18 mills on the non-homestead property, for example, industrial and commercial property. The business community will pay property taxes at the rate of 24 mills. We will continue to have millage elections because we could not get around them. If the state mandated the additional 18 mills, it would count as a state tax and would exceed the state spending limitation. MEA knew that when Michigan went into this reform game, the legislature would have to restore a good chunk of the property tax. They restored $3 billion.

In addition, we will still fund our entire intermediate school district operation with property taxes and that includes a substantial portion of our special education program and our vocational technical career centers, which are run through consortiums across the state.

The foundation grant runs from $4,200 to $6,500. Districts that spend higher than $6,500 per pupil have to raise any money above $6,500 by taxing property. So there are some communities in the state that will pay just as much property tax as they did before if they want to maintain the spending level in the school district. They will also be paying an additional two cents on the sales tax.

Election Results

Governor Engler was able to persuade the people of Michigan to vote for the sales tax despite its lack of deductibility for federal tax purposes. The income tax is just not popular with Michigan voters and has not been since it was enacted in 1983. The press interpreted the results of Michigan's proposed changes in education funding as a victory for the MEA. MEA is credited with having pulled off a huge tax increase and having secured more money for education. However, our battles are never really over.

The Political Aftermath

In April of this year, the legislature made changes to Michigan's collective bargaining statutes. Site-based decisionmaking and determining the opening day of school are no longer bargaining issues. Also, MEA locals can no longer file unfair labor charges on the grounds that a school board is bargaining in bad faith. Another legislative outcome was removal of reverse dues checkoff. MEA-PAC must now seek to have nonmembers positively choose to pay dues. The Republicans, however, could not get the two-thirds majority vote to put these punitive measures into immediate effect. The effective date is April 1, 1995.

My point is that in Michigan education is all politics. You can have all the court decisions. You can have all the nice theory. It's politics. MEA is changing its whole organization to respond to the politics. Our emphasis is not on bargaining this year, although we will still bargain contracts. Our emphasis is politics. We must get a more cooperative governor. We must elect House members who will support our educational agenda. MEA would like to see the Michigan Senate with a Democratic majority because historically the Democrats have been more supportive of our goals.

Summing Up

Michigan has changed its school funding from 65 percent local property tax and 35 percent

state taxes to 30 percent local property tax and 70 percent state taxes. The money to bargain over has to come out of Lansing. MEA has no ability to seek property tax funds locally. Some enhancement mills have been made available, but with a change of this magnitude, voter approval of enhancement mills will probably not happen for period of time. The money action will be in Lansing.

Our member's pocketbook nerve has been touched by the legislature's action on collective bargaining issues. Many of our members have told me they cannot believe that the legislature would attack the paycheck. Those conservative legislators did more to create unity within MEA than Association preaching could do in 100 years. Now, we are challenged to keep that spirit alive through November.

MEA's Representative Assembly has again voted to assess themselves an additional $30 on top of the $500 they currently pay on their dues. This will give MEA the opportunity to launch a public relations program as well as free up a lot of people to work on campaigns this fall. When the 1995-96 legislative session rolls around, we hope to be working with a friendlier legislature and a governor who supports quality education in Michigan.

CHARTERS AND VOUCHERS

CHOICE, VOUCHERS, AND CHARTER SCHOOLS: AN OVERVIEW

Louann Bierlein
Morrison Institute for Public Policy

Similar to other parts of the country, in Arizona we have had some major battles over school choice during the last four or five years. The current situation has been not so much *if* choice is going to occur but *when* choice is going to occur. Additionally, when choice is debated it appears that there is no middle ground. For example, Arizona's governor and quite a few of the state's business leaders are suggesting that if a private school voucher system is not enacted, including religious schools, public education should not receive any additional funding.

One of my roles at the Morrison Institute for Public Policy, which is affiliated with Arizona State University, has been to inform the debate by analyzing what has been going on in other states. Such an analysis can be helpful in facilitating dialogue and forging a decision that is at least enlightened. The problem is that the battle over educational choice is so bitter in Arizona (and elsewhere) that very little dialogue takes place.

The various types of choice initiatives have their pros and cons. They also have funding implications, which their proponents are trying to address in various ways. In my opinion, choice programs will continue to increase across our country. We can begin to prepare for them by examining the good embedded in these programs rather than simply seeing them as a device that will destroy the public education system.

Pushing the Envelope on Choice

In trying to expand the choices that are available to students, parents, and teachers, many policymakers have moved beyond the earlier open enrollment idea of permitting students to move either within a district or across districts. They are finding that in some cases simply opening the doors does not result in positive change in individual schools or districts as a whole. They are feeling that there is a need for a more market-driven education system. Advocates are influenced by political scientists such as John Chubb and Terry Moe, authors of *Politics, Markets and America's Schools*, who contend that government should play only a minimal role in the delivery of education and choice is necessary to create the pressure on the educational system for positive changes.

Of course, many people do not totally endorse the market competition theory. Recently, more and more voices are heard to say that while there is some merit in the idea of the freedom to choose where one's children can be educated, market forces will not provide the silver bullet that is going to reform the educational system to meet the needs of our society.

Two recent publications are, in my opinion, particularly useful for those of us embattled in the choice debate. The first is *Rethinking School Choice* by Jeffrey Henig, a political scientist at George Washington University. Henig's premise is that it is folly to think that a purely market-driven education system without government intervention will be without financial costs. If we are going to have a choice system that works, there are costs associated with it. Unfortunately this point of view has not hit the front page of the nation's newspapers like the Chubb and Moe book.

The second book is called *School Choice: Economic and Fiscal Perspectives*, published by the Indiana Education Policy Center and written by Michael Addonizio, an economist at the Michigan Department of Education. Addonizio makes the same argument as Henig: there are going to

be real costs associated with the various choice programs.

As you know, in the educational policy battle that we are in, if you are an educator and you talk about the costs associated with choice programs, opponents accuse you of protecting your own turf. These two sources of information discuss the real costs associated with choice systems, one from the point of view of a political scientist and the other of an economist.

Early Choice Programs

Choice advocates began with the promotion of *public school open enrollment*, wherein students can move within schools, within districts, and between districts. To some degree, the push to implement open enrollment laws has declined. Legislation is still being proposed, but is not being passed in two or three additional states every year as was the case when open enrollment first began a few years back.

Post-secondary enrollment options are another form of choice. Students can choose a high school that offers particular advanced placement courses for college credit. By taking advanced placement courses while still in high school, a student can shift part of the costs of a college education to the district. As with any choice program, there is the notion that market pressures are created. Indeed, it is my understanding that in Minnesota there has been a substantial increase in advanced placement courses in the regular high schools resulting from post-secondary enrollment options. Students were leaving their high schools to take advanced placement courses elsewhere, so more high schools have instituted these courses to remain competitive. The result has been more options and choices for secondary students.

Vouchers

Then, of course, there is the private side of choice and that is where the term "vouchers" becomes relevant. The voucher idea has two sides: the religious school inclusion and nonsectarian private school inclusion. We have few examples to review beyond Wisconsin's well-publicized private school voucher pilot, which does not include religious schools, and the voucher law in Puerto Rico.

The idea of vouchers has been around for a long time. Milton Friedman wrote about them back in the 1950s, and Koons and Sugarman in the 1970s. There appears to be a 10-year cycle of interest in voucher programs as measured by what is written about them. In the 1950s there were numerous voucher articles in education-related literature, nothing in the 1960s, a big resurgence in the 1970s, almost nothing in the 1980s, and now in the 1990s there again is major interest in vouchers for private schooling.

In places like Arizona, people believe that private school vouchers, including religious schools, are one of the key answers to a better educational system. Proponents in Arizona want to include religious schools because most of the private schools in the state are of a religious nature. They want to include religious schools even though they know it will immediately end up in the courts.

As the closest example for us to examine, Puerto Rico has had private school choice, including religious schools, for about one year. Interested parties have been watching Puerto Rico to see what would happen in the courts to such a system and indeed, their voucher system has just been declared unconstitutional under their Commonwealth Constitution, which is similar to a state constitution. However, public vouchers for religiously oriented schools have yet to be tested in the U.S. Supreme Court.

Beyond the issue of religious school inclusion, vouchers raise the issue of public funding for "public good." Economists categorize two basic values of receiving an education. One value is to the individual. Educational attainment is positively linked to an individual's future earned income potential. Those with more and better education earn greater incomes than those with less and inferior education. The other value of education is its worth to society as a whole in terms of producing a literate citizenry that supports democratic ideals.

Part of the concern with a voucher program is that it may trivialize the societal value of education. If vouchers are simply given to everybody with school-age children and they go out and pick the private school of their choice, their only concern will be, "How much is in it for me as an individual?" People will be blind to the value of being able to participate in a democratic society. This value is one of the preeminent goals of public schooling. The idea behind the most recent type of choice program—charter schools—is that they will still maintain that ideal.

Charter Schools

In its "purest" form, a charter school is an autonomous entity which operates on the basis of a charter or contract between the individual or group (e.g., teachers, parents, and others) that organizes the school and its sponsor (e.g., local school board, county, or state board). Charter schools are yet another form of creating choices, and they evolved from the idea that when "the gates were just opened up," as is done with open enrollment, there were still not a lot of choices provided. Charter schools are seen as creating more choices.

Charter schools have also come about on the heels of site-based decisionmaking. People are finding that genuine site-based decisionmaking requires funding over which to make important decisions. In most cases where site-based decisionmaking is now in place, only a little bit of discretionary money flows down to the school. The charter schools notion is an attempt to address this flaw in that they become autonomous fiscal entities where the school administrators, teachers, and parents can experience true site-based decisionmaking. In accord with this notion of autonomy, schools generally receive their funding directly from the state as if they were school districts.

Another reason for the popularity of the charter schools idea is that while it creates choices and supports site-based decisionmaking, charter schools remain a public entity. Although private schools can be brought into a charter school program, it is expected that they meet the same standards as other public schools when seeking charter status and public funding. That is a real difference from the private school voucher, where the money goes to a private entity that is not controlled by the state or a public body.

Charter schools also subscribe to the American democratic ideals of the common school. They are tuition-free; non-selective in student admissions; non-sectarian; and non-discriminatory on the basis of race, religion, or disability. They are accountable to a public body, whether it be a local school board, county, or state entity, for the student outcomes promised in their charter agreement.

The other reason charter schools have become popular is the accountability they offer. I think we have spent too many years saying that student outcomes cannot be measured, instead of developing valid assessments. Now, politicians and policy makers are saying we need to assess student outcomes. Unfortunately, this will require years of development, which should have begun long ago. Attempting to do a better job with performance-based outcomes is now only

starting to occur. In some cases, outcome measures are being applied to schools before they have been properly developed and tested.

On the other hand, the notion of a charter school is that inputs such as numbers of library books are not the important variables to examine. The focus is on outcomes—outcomes that are broad-ranged and not just student test scores. The charter specifies educational outcomes and how they will be measured, and the school is then accountable to the sponsor and the parents for the students' attainment of these specified educational outcomes. If a charter school fails to attain outcomes as specified in its charter contract, it goes out of business. Many of the other rules and regulations imposed on schools are in a sense waived, so that they can focus on achieving the outcomes.

In theory, this sounds good. Unfortunately, in some of the existing individual charters, the outcomes are so broadly defined that they are meaningless. Also, no charter school has yet reached the three- or five-year period of time when its charter is up for renewal. At the present time, many sponsors do not have any idea how they are going to assess these outcomes. Many charter advocates are admitting that assessment is the piece that really needs work.

Nevertheless, charter schools offer many benefits. These schools have come into existence not just because they are another form of choice, but because they incorporate the positive features of decentralization and site-based decisionmaking while remaining a public entity. Charter schools also have an accountability aspect, although it is not yet operational because we simply do not have the kinds of assessment measures that we need to have. That will be a big issue in a year or so, as three- or five-year charters begin to expire.

State Charter School Laws

Charter school laws (see Table 1) run the gamut from complete legal and fiscal autonomy to those that are probably little more than enhanced site-based decisionmaking pilots, which is almost the way I would describe New Mexico's law. Three additional states, Arizona, Kansas, and Hawaii have passed charter school-type legislation since Table 1 was drawn up, and there will possibly soon be a few more. I say "charter school-type" legislation because many of them do not use the term charter school. For instance, Hawaii is calling them "student-centered schools."

Choice Is Not Cheap

Those who favor the strong market-oriented facet of choice believe that government should play no role and therefore there will be no taxpayer cost associated with these kinds of systems. Just unleash this competition and all will be well. Others, including Jeffrey Henig and Michael Addonizio, say that this no-cost scenario is crazy. If education is supposed to maintain its two key functions of enhancing an individual's life economically and intrinsically and preparing individuals to participate in a democratic society, then government must become involved in order for these choice systems to succeed. Government is needed to facilitate the choices people are going to make about where to send their children, and this facilitation will cost money.

Information

There are five major categories of costs. The first category includes the cost of helping parents take advantage of choice systems, so that these schools do not become class-based situations in which only those parents who aggressively pursue the options profit from the changes. Parent information centers are needed that supply real

TABLE 1

Comparison of Charter School Laws*

State Year Passed	Minnesota 1991	California 1992	Colorado 1993	Georgia 1993	Massachusetts 1993	Michigan 1993	New Mexico 1993	Wisconsin 1993
Number Allowed in State	Originally 8, increased to 20 in 1993	100	50 up to July 1997, after which limit is removed	No limit	25; # of charter students not to exceed .75 of 1% of public school students	No limit if sponsor is district/university; 1 if sponsor is community college	5	10
Automatically Free from State Education Code/District Rules	Yes	Yes	No, only from state/district policies as agreed to in charter	Yes, possibly most; or from state/district policies as agreed to in charter	—	Yes, except for specific school improvement requirements and competitive bidding	No, must apply to state for waivers	Yes
Legally Autonomous	Yes, organized as nonprofit, cooperative	Depends on charter	No, under local board authority	No, under local board authority	Yes, organized as corporation	Yes, organized as nonprofit	No, under local board authority	No, under local board authority
Autonomous for 100% Funding	Yes	Yes	No, get at least 80%	No, funding amount established in charter	Yes	Yes	No, appropriate administrative costs can be withheld	No, funding amount established in charter
Length of Charter	Up to 3 years	Up to 5 years	Up to 5 years	3 years	5 years	—	5 years	Up to 5 years
Private School Eligibility for Charter Status	Yes, but must follow charter school laws	No	No	No	No	MI constitution forbids public $ going to private elementary/high schools	No	No
Organizers	Licensed teachers	Any individual can circulate a petition to start a school	Any individual or group	Any Georgia public school faculty/staff	≥2 certified teachers, or ≥10 parents, or any other individuals, groups	Any individual or entity	Existing school personnel and parents	Any individual or the local school board
Sponsor	Any local school board	The local school board	The local school board	The local school board	State secretary of education	Board of a local or intermediate school district, community college, or state public university	State board of education	The local school board
Final Approval	State board of education	None needed	None needed	State board of education	None needed	None needed	None needed	State supt. of public education
Appeals Process	State board of education	County board of education	State board of education	State board allows resubmission of petition	None	When local district denies proposal, organizers may place the issue on next school election ballot	None	None
Support Needed from Teacher/Staff/Parents for School Conversion	90% of teachers at the school	10% of teachers in school district or 50% of teachers at a school in the district	"Adequate number" of parents, teachers, pupils,	≥2/3 of faculty and staff; ≥2/3 parents in meeting to initiate petition	—	—	65% of faculty, and parent involvement and support	10% of teachers in district or 50% at a school in district

SOURCE: Morrison Institute for Public Policy, Arizona State University, February 1994

* This matrix is part of an extended table found in the full report, *Charter School Update: Expansion of a Viable Reform Initiative (February 1994)*, available from Morrison Institute.

— not addressed in legislation.

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information and not just public relations material. This information should be available in multiple languages. Unfortunately, because we do not have good outcome data, schools often rely on public relations material for information purposes. Nevertheless, there is information that will help people understand what the choices are, so that they do not just choose a school based on a pretty building, or the size of the swimming pool. And there are costs associated with meeting this information need.

Transportation

A second cost category also pertains to helping parents take advantage of a choice system and that is the costs of transportation. These are costs in addition to the money which is currently being spent. So far, transportation costs have not been exorbitant in the various states that have these systems in place, but could be considerable in some areas.

Diversification

A third category of cost includes money to help create school diversification, i.e., some differences between schools that will provide parents meaningful choices. If those differences already exist, money is needed to better match the differing needs of teachers, parents, and students, so that we can have better teaching and learning environments. Training and support are needed and this can be expensive.

With the exception of New Mexico, no states listed in Table 1 as having passed charter school legislation made an extra penny available for startup costs. Some state departments and business entities are providing training and support, but it has been minimal. With no startup costs being funded and very little support being provided, the chances of a successful charter school system is very slim.

Additional investment is not only needed for the new charter schools, but for all public schools in order to improve student outcomes. If schools already feel that they provide a solid program, money is needed to help show the parents and the community that the level of education services delivered is valuable. In a school choice environment, schools need to publicize their value. The parents and the community are the customers and they are being offered the opportunity to pick up and go elsewhere.

Private School Students

A fourth cost category associated with choice pertains to educating the children who are currently not in the public school system. This cost really becomes an issue with private school vouchers. Four years ago, I had the privilege of informing Arizona's Governor Symington that there were approximately 30,000 private school students in the state. No one had ever known this figure before because the state does not gather such data. We had to call private school after private school to find out their enrollment. I told the Governor that at $3,000 a voucher, those private school students would cost the state $90 million. As simple as that concept was, the cost was not in his mind until it was brought to his attention.

People are talking about approximately $30 billion in additional costs if all private school students across the nation were brought into the system through vouchers. That cost alone is preventing many voucher system initiatives from being passed into law. Some voucher advocates are proposing less costly alternatives, such as vouchers for only low-income students, or only for those who are in the public schools. However, when they do this, they really go against the free market forces that they advocate. One argument that could be made is that if voucher advocates are so willing to compromise their free market ideals by limiting who is eligible for vouchers,

then they may also be inclined to compromise on the provision of training, public information centers, and other costly items that are needed to make choice work for other than the elite.

New Funding Systems

The fifth cost category has to do with how schools will be funded under a choice system. The focus of school finance is currently on districts. Finance system were not developed to focus on schools, nor were they developed to focus on individual students. If a child is going to move from one school to another school in a neighboring district, how do the local monies get to that other school? How do the state monies get there? What about overrides or the extra millage that various districts are allowed to levy on themselves, and bond money?

With decentralized funding (which will be necessary to really support choice-type programs), two real concerns arise. First, the mechanics of actually implementing such a system are often overwhelming. Second, given that many administrative-type services currently provided by the district office (e.g., transportation, accounting, personnel background checks, special education) result in economies of scale, it may be difficult for charter schools to support such tasks. One idea is that schools would contract back for many of the services that the central office provides, but the real costs associated with that are not presently known.

The Bottom Line

If a school choice system does not provide information; if it does not provide transportation or the start-up costs to facilitate the diversification of schools; if it does not pay for private school children; and if it does not provide school-based funding, then it will not be a true system of educational choice. Any half-way, cost-free attempts will end up with a very small number of people participating, not with the sweeping educational reform people are looking for.

VOUCHERS: A SERIOUS THREAT TO PUBLIC EDUCATION

Bill Comer
NEA Government Relations

Across the country, proponents of vouchers are using every opportunity to promote non-public education. Vouchers are offered to the public as the ultimate weapon in reforming schools. To properly understand vouchers and their cost, it is necessary to put the concept into a context that allows legitimate discussion.

A Limited Entitlement Program

Vouchers are not the agents of school reform. No voucher plan that I have seen contains any suggestion for an improvement of public education. Quite the contrary, vouchers urge parents to abandon public schools and to enroll their children in private, parochial, or for-profit schools.

Vouchers are not the last link in the choice chain. Vouchers do not provide an unrestricted choice of schools. Vouchers only offer parents an inducement for applying to a private, parochial, or for-profit school, with the hope that the school might choose to enroll their child. Vouchers simply represent a redistribution of public money that provides an entitlement program for parents who are able to send their children to non-public schools.

Revenues collected for the common good are rarely redistributed for individual consumption. Rather, the money is commingled and allocated to programs that serve the general public and the greater good.

Very Costly Vouchers

The cost of vouchers can be presented in a variety of ways:

- the direct cost of the voucher system and its impact on school financing
- the hidden cost caused by unique provisions in state funding laws
- the increase in public school per-pupil cost, caused by "at risk" students remaining within the public schools
- the social cost of dismantling the institution of public education

The direct cost of vouchers in early proposals was a simple mathematical calculation. Usually 50 percent of the state average expenditure per public school pupil was mentioned as the value of the voucher. In those states where voucher proponents try to be a little more clever and they use a term like "scholarships," the cost is usually $1,000 to $1,500. It is an interesting dichotomy that a "scholarship" is worth approximately half to 60 percent of what a voucher is worth. If there is no alternative but to have educational choice in your state, at least try to get the voucher rather than the scholarship. It is worth more.

These figures were easily converted to a total cost figure by multiplying the number of students eligible for the voucher by the value of the voucher. In Colorado, in 1992, about $80 million would have been the cost to provide vouchers to only those students enrolled in non-public schools.

The cost in California would have been at least $1.3 billion if only those students currently in a non-public school would have received a voucher, not including vouchers provided to any public school student who might have opted to go to a private school.

The idea of vouchers does not explicitly prevent legislatures from increasing the amount

of dollars available for funding, but proposed voucher legislation has been quite explicit in stating that the funding of vouchers will be paid from current educational revenues. No state has proposed legislation designed to generate additional funds for financing educational vouchers. What we see are the voucher proponents saying that the number of students to be funded will increase, but no additional funding will be provided to accomplish that goal.

The public school funding level from state sources is reduced by the value of the voucher times the number of individuals requesting one, and this is usually stated as a savings to the state. The state for example, can be spending an average of $5,000 per student. The voucher they provide may be worth $2,500. Voucher proponents say the state will save $2,500 for each voucher that is provided. However, the local school district loses head count funding at full value.

The argument is made that the local district should not receive funding for a child being educated in a different system. The cost of "at risk" students who tend to remain in their present schools when choice is provided must now be spread over a smaller base, placing a greater burden on the remaining resources.

Hidden Costs

When reviewing voucher plans, it is necessary to carefully research all the provisions of the state funding scheme. There are often some hidden costs present. In California, Proposition 174 appeared on the surface to have cost $2,500 per student, but careful research by the California Teachers Association discovered that with Proposition 174 an additional financial effect occurred under provisions of the law expressed in Proposition 98. A minimum funding guarantee is one of the major provisions of Proposition 98.

Proposition 174 declared that the $2,500 per student cost of the voucher plan plus the "savings" to the state would in fact count toward Proposition 98's minimum expenditure funding. Furthermore, students who were attending non-public schools would not count in the minimum funding formula. With that double hit in Proposition 174, there would have been closer to a $10,000 loss of school financing per student using a voucher. While the drafters of the voucher proposals are not very good at describing how the plans will improve public schools, they are quite adept at designing ways to reduce the overall amount of money available for public schools.

Unequal Opportunity

What will be the cost to provide schooling opportunities to those who are not selected by the non-public schools? In both California and Colorado, the proponents of vouchers promised that all who chose to leave the public schools would find available space in the private sector. The facts indicated a less bright opportunity. Most private schools were at or near capacity and had little desire to expand. For-profit schools either did not exist or had limited space. Any available space that existed was found in Catholic grade schools, and they were willing to accept voucher students only because they wanted the money.

Vouchers may provide the only chance to apply to non-public schools, but many students will not be able to depart the public schools. The private sector schools will pick and choose which students they want. Those picked will be the best available to meet the needs of the private sector school. It is important to understand that it is the needs of the private sector school that will be met first. Private and parochial schools define success as continuing to do what you do well. Given the opportunity to choose, the way to be successful then is to pick those students who will allow you to continue what you do well.

As the best students leave the public school, those who are at risk and are the high cost students will remain. The cost of educating these young people who remain will drain funding away from the other students and programs, further adding to the arguments that the public schools cannot provide quality programs.

Once they have to concentrate on paying for all high-cost students, schools will engage in the practice of "lopping." Lopping is dropping programs deemed a "frill," like elementary music. Also, services will be privatized, full-time staff reduced, and salaries and benefits frozen or increased only at minimal levels. If the cost of vouchers is subtracted from the revenues appropriated for public schools, the reduced per pupil amount will cause unforeseen reductions in what public schools can offer to the students and community they serve.

We have children who individually cost somewhere in the vicinity of $20,000 to educate. It is time that we stop hiding that cost and begin talking about it, and that we make it quite clear that for vouchers and maybe even for charters, there has to be an equal opportunity for the $20,000-cost student and the $3,000-cost student when they choose which school to attend.

An additional cost not always expressed in terms of money is the cost to society that will occur as students leave public schools and public schools can no longer provide quality programs to those who remain. Vouchers hit at the very concepts of public education. How well does the private market serve human needs? Does equity matter? Who will govern the schools? Will we in fact have elected school boards or a board of directors of a profit-seeking company?

It is important to understand the purpose of education. If in fact we contend that public education is the single best device for upward mobility and for inter-relationship understanding, then we cannot turn that system over to individuals who are interested in polarizing the public by setting up particular kinds of schools. The polarization of our society creates the temptation for the affluent and middle class to abandon poor children in need for the hope of salvaging their own security in the present. These same conditions make even the poorest communities receptive to right-wing promises and panaceas. People who see no progress have to save their children right now. To be opposed to vouchers is not to say all is well in public schooling, but rather to say the solutions to those problems are to be found within public schooling rather than without.

A Drain on Association Resources

No discussion concerning the cost of vouchers can pass without at least mentioning what vouchers are costing us as an Association. In Colorado, the campaign to defeat vouchers cost more than $500,000. In Pennsylvania it cost a little over $1 million. In California, it cost over $15 million. These costs, as huge as they are, do not include staff time and the thousands of hours volunteered by our members. This represents a loss of time that could have been devoted to other programs our members wanted and needed. Not only that, members were assessed additional dues to finance the campaigns.

We need to examine whether or not one of the sub-agendas that may be out there with vouchers is to put a large drain under the Association's coffers. Friends of William Bennett and Lamar Alexander have often said in their speeches that they only have to win once, while the NEA has to win every time.

The California citizens defeated a voucher proposal by 40 percentage points, which undoubtedly falls into the category of a landslide, and yet the very night they were faced with the results, the voucher proponents said, "Hey, we'll

be right back. We consider this to be a victory." If that's a victory, I wonder what they call defeat.

A voucher program is highly expensive. It is highly expensive to state governments. It will be highly expensive to local districts. It is extremely expensive to us in the Association. But its greatest expense will be the social cost of a polarized nation. That expense is a risk too great for us to take.

CHARTER SCHOOLS: TIME FOR A CHANGE?

Larry Wicks
Minnesota Education Association

Charter school legislation was passed in Minnesota in 1991. The original proposal had many provisions that the Minnesota Education Association opposed, but the final bill was less objectionable. It requires that charter schools use licensed teachers; that the employees in charter schools, both certified and noncertified, can participate in collective bargaining; and that the schools must be sponsored either by a school board or, in certain limited circumstances, by the State Board of Education.

Initially eight charters were allowed. This number was increased to 20 in 1993, and, in the just concluded legislative session, to 35 in 1994.

There has been a great deal of enthusiasm for the idea. Currently, there are 11 plans for charter schools that have been approved by the State Board of Education and by local school boards. Table 1 provides a brief description of these schools.

Seven of these 11 are actually in operation. These seven enroll a total of only 700 students out of a Minnesota public school enrollment of about 800,000. That represents a charter school enrollment of less than one-tenth of one percent of all publicly educated students.

Misguided Media

A recent article in the *Wall Street Journal* exemplifies how some of the media have blown the charter school movement and the alleged failure of public schools way out of proportion. One of the things that we have to ask ourselves is, "How can a movement that involves so few people generate so much public interest and attention, and in such a short period of time sweep from one state to another?" Charter school legislation has now been passed in 10 states and is pending and under active discussion in another 10 to 12 states. It would be easy for us at one level to just say; "Well, it's some fluky phenomenon." Maybe if we were more honest with ourselves, we would focus on a few key questions about why interest in charter schools seem to be growing.

- Is it because of our failure to adequately explain to the public what the public school system is all about?
- Is it because the public school system that we know today is so standardized that, for all practical purposes, moving across community boundaries and even across state boundaries will provide you with very little change in terms of what is available?
- Is it because of our inability to provide a system of public education that links up with the expectations of the parents?

The Minnesota Environment

I am not sure what the answers are to those questions. I do know a little bit about the educational environment in Minnesota.

Over the past two years, there has been a 20 percent increase in the number of people that give the public schools in their districts an A or a B grade. Is that due to charter schools? Definitely not, the first one only opened in September of 1993. Is it due to some of the other choice programs such as open enrollment or post-secondary options, in which competition among high schools caused a significant increase in the offering of advanced placement courses? I think any honest review of what documentation is available would suggest that that is not the case.

(Continued on Page 44)

TABLE 1

Minnesota Charter Schools, April 1994

BLUFFVIEW MONTESSORI—District #4001

The Winona School Board sponsored the first school to receive approval from the State Board of Education, on December 10, 1991. The school focuses on literacy and multicultural awareness and uses specialized Montessori curriculum. Parents, teachers, and students work together as a group. Classes are multigrade and specialists offer French, Dance, Art, Music, and Physical Education. The school opened on March 1, 1993, for students K-6. In September 1993, 73 were enrolled.

TOIVOLA-MEADLOWLANDS—District #4002

The second school to receive approval, January 15, 1992, from the State Board of Education was sponsored by the St. Louis County School District. The school has multiage, multiactivity classrooms using the surrounding unique environment as a focus for outcome-based learning. The parents, teachers, students, and community worked together to develop curriculum, visit sites, attend conferences and workshops, and to work on other details needed for establishing a school. A contract between the district and the school was approved in May 1993. The school opened on September 7, 1993, for 190 students in grades K-12.

CITY ACADEMY—District #4000

The third school to receive approval, June 9, 1992, and the first to open, was created to attract the hardest to reach and teach learners between the ages of 13 and 21. The St. Paul School Board sponsored the school, which is located in a Parks and Recreation building in a low-income neighborhood on the east side of St. Paul. Students participated in the development of the proposal and in obtaining in-kind support from the City of St. Paul and substantial funding from Northern States Power Company. The school opened September 7, 1992, as a year-round program with 35 students. Fifteen of the 17 graduates in the spring of 1993 were registered to attend post-secondary institutions that fall.

METRO DEAF—District #4005

Metro Deaf School presented its proposal to the State Board of Education on August 10, 1992. The charter was approved with Forest Lake as the sponsoring district. Philosophically, the school adheres strictly to "bi-bi," using American Sign Language (ASL) as the language of instruction. English is taught as a second language through the modes of reading and writing. Deaf and hard of hearing students learn deaf language, culture, and history in addition to traditional content areas. The students are expected to participate with parents and teachers in developing their own learning plans. The school opened September 1993.

SKILLS FOR TOMORROW—District #4006

This charter high school was sponsored by the Rockford School Board and was approved by the State Board of Education on January 12, 1993. The focus of this high school is vocational/technical education for learners less interested in attending four-year academic colleges following graduation. The school will emphasize applied learning in the context of business and industry through internships. The school, which has the backing of the Teamsters Service Bureau and the Minnesota Business Partnership, will be located in the Twin Cities metropolitan area. The school opened on March 7, 1994.

NEW HEIGHTS SCHOOLS, INC.—District #4003

The New Heights Schools, Inc., sponsored by the Stillwater school board, was approved by the State Board of Education February 9, 1993. The school serves K-12 students who are considered by their families to be at risk of not being successful in traditional schools. Staff has the opportunity for merit as well as base pay. Focusing on students as more than solely academic individuals, New Heights uses student-centered learning and assessments to equip students with tools about their learning style and abilities. The school consists of several main programs: Technology, Entrepreneurship, Ranch (personal growth), and Environmental Concerns. These programs integrate a combination of academics, parental/mentor involvement, and community service. Parents are acknowledged as the primary educators of their children. New Heights opened their Stillwater site with 216 students September 7, 1993.

ST. PAUL COMMUNITY SCHOOL

The St. Paul Community School (as it is temporarily known until the school community names the school) was sponsored by Red Lake Falls and approved by the State Board of Education on April 6, 1993. The school will serve students in grades 1-12 and anticipates locating in St. Paul. The educational program focus is on developing all aspects of the learner: intellectual, social, emotional, spiritual, aesthetic, recreational, and physical. In this holistic approach to learning, students will be actively involved in designing their own learning plans and be encouraged to use the community as their classroom. The school plans to be open from 8 a.m. to 6 p.m., 12 months of the year. No date has been set for opening the school.

CEDAR-RIVERSIDE COMMUNITY SCHOOL—District #4004

This K-8 school, sponsored by the Minneapolis school board, was approved on April 6, 1993. The school uses the unique quality of the Cedar Riverside area of Minneapolis, with its low-income, multicultural population, its diversity of small businesses, abundance of arts organizations, and close proximity of two universities, as an integral part of the educational program. An intentional "parent-friendly" environment is expected to increase the active participation of parents in their children's education and the school's operation. Preference was given to hiring teachers with different racial and ethnic backgrounds and to those willing to live in the neighborhood. The school opened in the Cedar Riverside Plaza in September 1993 with 85 students.

MINNESOTA NEW COUNTRY SCHOOL

Minnesota New Country School (MNCS), sponsored by the LeSueur School Board, was approved by the State Board of Education on January 12, 1994. This school will be a computer-infused school for learners in grades 7-12, which will provide a rigorous, individualized educational program using a multidisciplinary approach. The design plan includes clear and focused outcomes and activities, an active partnership with parents and community, a commitment to following Ted Sizer's essential principles, and a decentralized, accountable management system. The community will be used as a place to learn through community service and school/business/entrepreneurship. MNCS plans to open in the fall of 1994.

DAKOTA/OPEN CHARTER SCHOOL

The Dakota/Open Charter School was approved by the State Board of Education on March 8, 1994. The school will serve students in grades 7-12. The educational program will companion the traditional Dakota learning process with an open school model. The Dakota/Open School plans to open in the fall of 1994.

PARENTS ALLIED WITH CHILDREN AND TEACHERS (PACT)

Sponsored by the Anoka-Hennepin School Board, this school will open initially with grades K-8. The school will make extensive use of parents as tutors for guided independent study. Most classes will comprise more than one grade level. With an initial target enrollment of 84 students, PACT plans to open in the fall of 1994.

(Continued from page 41)

The State of Minnesota and its public school system will, by virtually any educational outcome standard that you wish to identify, rank among the top five states, if not the very top in the country.

So charter schools and other choice programs are not driven by dissatisfaction with what the public school system has produced. They are clearly driven by some other source of dissatisfaction.

Why the Interest in Charter Schools?

There are five primary criticisms of the public school system that were behind the passage of charter school legislation in Minnesota. The legitimacy of these criticisms is certainly open to question. First, public schools are seen as being burdened with laws, rules, and regulations which interfere with the provision of a quality education for students. In the past, many of these laws, rules, and regulations were developed to ensure that certain accountability procedures occurred in the public school system. Many of us who work in school finance are responsible for putting these in place.

Second, it is argued that school district management and governance stifles the creativity of teachers and makes it virtually impossible for innovation to take place. There is probably some truth to this allegation. The basic question of what school governance structures are going to look like in the future is at least as important a consideration in the charter school movement as the question of what rules and regulations teachers will follow as they execute their profession.

A third criticism is that the current public school system is so standardized that there are

virtually no meaningful options for students, parents, and teachers. I believe this criticism is fundamentally true. There has been an abysmal failure at diversifying the system. It took the better part of 70 years to put in place the standardized system we now have. It is firmly rooted and will prove extremely difficult to alter.

A fourth criticism is that, even if the current level of education is satisfactory, schools will not be able to produce the much improved outcomes that all students will need in the future. That is a challenge that has been with us throughout history, and I see nothing in the current environment that makes it a particular, unique challenge.

The final criticism is that because there is no competition among schools, there will be no improvement. In my opinion, the evidence is lacking that competition can be a prime motivating force for change.

The shift to more advanced placement courses in Minnesota is one of the few documentable examples that I am aware of in which competition has had a direct impact on the operation of the public schools. But even in that case, the benefits of competition were limited. No additional funding was provided for the additional advanced placement courses. In small schools, the shift to more advanced placement courses without additional funding can cause serious problems because the class size of non-advanced placement offerings is compromised. Ultimately, competition is not quite the spur that the charter school proponents would suggest.

A Historic Precedent

The charter school movement of the mid-1990s is somewhat of a reincarnation of charter schools that existed in Minnesota in the 1880s and 1890s and probably existed in almost every state during that time. Essentially they were unregulated public school systems, and they predated the advent of state departments of education and state boards of education. They existed at a time in our history when the rules were supposedly set by the legislature, but there were numerous quirky political jurisdictions that sponsored public school systems, and not all the state legislation applied to all the jurisdictions. In essence, there existed many "unregulated" public school systems.

Eventually, these early charter schools were eliminated. According to the official history of the Minnesota Department of Education, charter schools were done away with because educational progress was often "lacking."

One indication that charter schools may again disappear is that there is no effective mechanism in place to see whether or not school districts live up to the charter contracts that they have signed. There are no assessment tools. I think it is unlikely that an assessment mechanism will be developed by the time the first charter schools are well established. What do exist are some very gross measures that even by public school standards would be considered unsatisfactory. We need in place some way to properly evaluate the efficacy of charter schools.

Two Contrasting Examples of Charter Schools

Two charter schools in Minnesota show the extremes of what can happen with the charter school movement. The City Academy in St. Paul was the first of the charter schools approved in Minnesota. This particular school seeks to attract students who have dropped out of school and are from the poorest parts of the community. The school uses a Parks and Recreation building that they lease from the city. Anyone who visited this charter school would see this is what public schooling ought to be about and this is what second chances and second opportunities for

children ought to be about. You would probably ask yourself the question, "Why does it take a charter school to provide this kind of second chance for kids?" The need has existed for many years and it did not even begin to be met until charter schools legislation came into place.

On the other end of the charter school spectrum is the Parents Allied with Children and Teachers (PACT) in Anoka, Minnesota. PACT is scheduled to open in the fall of 1994. The primary clientele for this particular charter school is home schoolers.

PACT's original idea was that they would use public funding to develop a comprehensive resource center where teachers would not teach children, but parents. The local school board refused to enter into a contract to do that and said there must be an actual physical student attendance. There was some discussion with the State Board of Education and ultimately, PACT agreed that they would physically bring the students to the resource center for some amount of education.

It is also interesting to note that, at least according to news media reports, the listed contact administrator for PACT owns the building which the school is going to lease. There are no rules here preventing the normal kind of insider double-dealing that would be unacceptable in the public school sector. You are going to see these kinds of abuses in any system of charter schools. You are also going to see some charter schools that provide many positive benefits. I predict that charter schools will at best be a mixed bag.

Transforming Public Education

One of the questions those of us in public education need to consider is how and how well does our public education system serve a changing clientele. Our economic and social institutions are undergoing fundamental transformations, whereas the public schools are not. There is a disconnection between what is going on in society and what is going on in the public schools. That disconnection is no more evident than in the attitude of the business community. They know what kind of transformation is going on when they do business. It is dramatic, rapid, and fundamental. Business is saying that there needs to be the same level of change in public schools. They don't necessarily have a factual basis for arguing that public schools need to change, but rather an intuitive belief.

Many of us are clinging to a "just say no" response. That response is not going to work in the future.

The charter schools experiment keeps intact a series of reforms that are based on high public relations value and little or no aggregate increase in costs to the taxpayer. The experiment is essentially conducted with a reallocation of dollars within the education system. There is nothing inherently wrong with that, but an honest assessment of what most of the reforms have been about is public relations. When educational reforms have been found to cost money, they have been eliminated or put on the back shelf. That is the way the system currently operates.

Where is reform taking us? For instance, are we going to allow, as has been proposed by a Minnesota State Board of Education member, all 1,500 school sites in the state to become separate operating school districts? This was a serious proposal that received prominent consideration by editorial boards of major newspapers across the state.

I would hope that this would not happen. It defies what we know about economies of scale. It also defies what limited educational research data we have in terms of how many students are required to feasibly put in place the kind of programs that will produce improved student performance. There can be no comprehensive

high school curriculum with 35 students in the school, under any system that anybody knows about. It is not possible, and it will be less possible in the future. Disaggregation of the system is not the way to improve the system. Nevertheless, if we do not improve the current system that exists, we will end up with disaggregation.

Finally, the charter schools movement seems to defy most theories of representative government. Perhaps these theories as they apply to public schools are no longer valid and reliable. As everything else in society changes, is it not probable that we would readjust our feelings and our attitudes about representative government? Such a shift in public thinking is an indictment of the public schools and specifically our inability to change, to reduce standardization, and to offer choices within the system.

WHAT LIES AHEAD?

DEFINING THE FUTURE OF PUBLIC EDUCATION

Gary Watts
NEA National Center for Innovation

The future of public education will always be defined from two directions—what educators and the communities they serve deem as ideal and what actually happens at the practical, classroom level. Obviously, no one has the magic answers. I have been doing a lot of thinking about the practical aspects of how schools can change. I see four fundamental concerns in relation to our topic.

- Do schools need to change?
- What have been the strategies for change?
- Have we been spending more money for school reform change?
- What are some of the unique education finance issues?

Do Schools Need to Change?

Let us first consider what schools were really like 20 or more years ago—graded, single classrooms with "a" teacher, instruction from one person to a group of people. This system, which we think of as the heart of teaching, was, in effect, adopted in the late 1800s from the Prussian school system for administrative reasons. These school systems had many characteristics in common.

Schools were organized around cells and bells. A bell would ring, classes would leave one enclosure and move to another enclosure. That is how we organized kids and curriculum.

Children sitting quietly in rows was a good teaching and learning environment. In 1937, a primary textbook for the supervision of teaching said that two qualities are wanted from teachers: maintain discipline and follow directions. The idea that we had a professional work corps prior to World War II is an absolute myth. Teachers were skilled workers told what to do.

Learners were passive receivers of facts and information. We believed that the purpose of instruction was to pour things into the student's heads. We built an entire industry called standardized testing to measure how many pieces of fact and information have been poured into how many heads.

What is to be learned should be broken down into small pieces. How did children learn to read? First they learned the letters, then the sounds, words, phrases, sentences, and, finally, paragraphs and pages. Research now tells us that is exactly backwards. People learn much faster, better, and creatively when they start with the big context. Yet most of our curriculum is still based on breaking everything into small pieces—math, physics, English. Then we wonder why kids don't understand. The reason is that they never see the big picture.

The purpose of learning was to get the "right" answers. Every test, every measurement was designed to measure the "correct" response. Results were spread out on a bell curve, and so were children. We turned this measure into a philosophical premise that 20 percent of the students on the bell curve were throw-aways; therefore, teachers should fail 20 percent of the kids.

Sharing information and working together was considered cheating. Employers are now saying they want cooperative problem solving and collegial workers. Obviously our schools have best resembled a "factory model."

The list of what schools were like 20 or 25 years ago could go on and on. The big question is, Are schools like that today? In most cases, yes.

The only difference is that there are more places now beginning to challenge these structures. But in essence this very rigid, standardized system is still in place in almost every school district in the United States.

Do schools need to change? Yes, very much so.

What Have Been the Essential Strategies for Change?

Oversimplifying only slightly, we can say that there have essentially been four strategies pursued in the United States to deal with the issue of whether schools should change.

Strategy number one is everything is okay. Basically schools are doing a great job, and we do not need to change a thing. Of course, we have to keep improving incrementally. Who is it that is pursuing that strategy? We at NEA are one of the biggest proponents of that strategy.

Strategy number two is more of the same, but screwed down tighter. The system is generally okay. What is really needed is more effort and a new motivation on the part of educators. Educators and students have become soft and lazy. What we have got to do is turn the screws down. What was *The Nation at Risk* report? It was a "more-of-the-same, screwed-down-tighter" report from top to bottom. Who are the greatest proponents of this strategy? School boards and legislators.

The third strategy is the silver bullet. Schools definitely need help and we have the answer that will save the day. All we have to do is this one thing. Vouchers, Chris Whittle privatization, choice, merit pay, more money, and site-based decisionmaking are all silver bullets. Many of us know schools need more money. But if the only thing we want is more money, it's a silver bullet. We will never win the argument that schools just need more money. We have to put it into a context of what education is about.

The fourth strategy is what we call systemic change. The student, family, knowledge base, and success skills all have changed. The factory model school system is outdated and we need to create new learning communities for students and teachers. This has not necessarily happened, in my mind, in single state plan. For instance, I do not think that the Kentucky Plan or anything like that is systemic change. I think those are much nearer to silver bullets than they are true systemic change. The problem that we get ourselves into is to think that school reform actually is those silver bullets put forth by legislative strategies. This is the reason we fight school reform rather than see school reform as something that we should be involved in.

Schools need fundamental, systemic, comprehensive restructuring. There could be nothing better for teachers. Our members have been treated like peons for decades. What a glorious thing would be recreating a school system where there is more power and professional recognition, where teachers themselves have control over issues like curriculum and time. And yet we end up being the defenders of the status quo when our schools are criticized. Because our members are those that have been in the schools, our first reaction is to defend what they are doing.

This dilemma can be worked out. When we let the debate be argued on the issue of doing better, we say that our members have been doing a good job and we have to defend them. But the issue is not doing better. The issue is doing different. And we can say to our members, It is okay to do different.

In many ways, our education system is like an old pair of jeans. They have really served us well for about 75 years; they are soft and have kept us covered. But now they are frayed and have holes in the knees. A lot of people want to

spend their time patching the holes, but in truth, the jeans don't fit anymore. We need a new pair. The student body, the family, the economy, and the knowledge and skills base have all changed. That is not a criticism of us or our members If we see every criticism as an attack, we end up saying that everything is okay, and it is not. Can anyone in our profession defend the quality of education in our major urban centers as okay?

Have We Been Spending More Money for School Change?

In 1990 the United States spent $5,521 per pupil in public schools. More than double the $2611, in 1990 dollars, spent for each student 25 years earlier Has spending more money failed to reform schools?

Special education. Twenty-five years ago children in need of special education did not go to school. They were side-tracked. In 1990, 12 percent of all the children were in special education programs, and the number is probably greater now. Recent court cases indicate that special education is going to get more expensive.

Nutrition programs. Providing food for students has taken up 10 percent of the new money. Thirty-five percent of the students get free or reduced-price meals. Fourteen percent of the students lived in poverty in 1990.

Smaller classes. Thirty-two percent of the money went for class size reduction. The student-teacher ratio has declined by 30 percent since 1965—much of that accomplished by NEA's advocacy. Average class size is now down to 24. Research findings say that teachers do not change their way of teaching until the student-teacher ratio goes down to 15. Our advocacy has contributed to better working conditions for our members, but it may not have changed the way they teach.

Salary increases. Paying education employees more has taken up 8 percent of the new school money. Salary has grown 21 percent, averaging less than 1 percent a year. However, teachers are not better off—according to some studies they are worse off in relation to other occupations today than they were 25 years ago.

Transportation. Increased busing has taken up 5 percent of the funding increase. In 1965, 40 percent of the nation's students were bused at an average cost of $214. In 1989, 59 percent were bused at an average cost of $390.

Dropouts. Keeping students in school longer costs about 3 percent more money. In 1970, 75 percent of the youths between 25 and 29 had completed high school. By 1990, 86 percent of these youths were completing high school.

All these expenditures add up to about 90 percent of all the new money, but none of it has gone to change schools, unless you think reducing class size is changing schools. None of the money has gone to structural change, reform, and different ways of doing business.

What Are Some of the Unique Issues from a School Finance Perspective?

Professional Development

First, from a funding point of view, we must address the critical need for professional development. American schools are not going to change with the current understanding of professional development. Some researchers estimate that we need to spend between 2 and 4 percent of the school budget for professional development. Currently, we are spending around $50 per teacher a year for professional development and related activities.

It is also not how much we spend, but how we spend it. We have to develop an entirely different perspective of what a professional devel-

opment system can be. We are operating a delivery system, with a central depository of know-how, knowledge, or information. We design conferences, classrooms, everything that way, particularly our professional development.

We must move from a delivery system to a connecting system—a system designed to put people together in multiple configurations and get them sharing and reflecting with each other. When we put five sixth-grade teachers together and let them reflect with each other about how to do a better job, they change. And this kind of change is what we are after.

For example, when we plan state conferences, we find that the participants will swamp the session in which three or four teachers are talking about what they do in the classroom and quietly ignore some of the "policy-maker" presentations. This is what ought to take place in every school. Professional development is an extremely important aspect of change.

In our work with the NEA Mastery in Learning Projects, we found out that if we wanted to test methodologies and then implement the best options, we had to start with professional development. Teacher development has to come first, before student empowerment can even be thought of. Individual affirmation is important. Teachers cannot be expected to go out and challenge regulations when they are not comfortable themselves with what they personally believe. And when you keep them step-children, as the school districts often do, they are not going to have individual affirmation.

We also found it was necessary to create a condition of "faculty-ness." In other words, educators have to learn that as a group they can cause change. There may not be a single teacher preparation program in the country that gives a course on what it means to work with colleagues to change schools. Teachers have to learn that what they do as a group is often more important than what they do individually in their own classrooms. That is what effective schools research has taught us; we just have to put it back together. Having created those two conditions, individual affirmation and "faculty-ness," you then have a culture that is conducive to change. The Association is the logical forum to address teacher development, but too often we fight it as being an attack on our members, not an opportunity.

Redistribution of Funding

A second financing issue concerns the internal distribution of funds. In the last 20 years or so, the amount of money flowing to centralized expenditures has been growing. The percentage of money going to classroom uses, teachers' salaries, new teaching materials and so on, has declined. I suspect that if site councils are established with the authority to spend money, they would use the money differently.

Privatization efforts are forcing us to focus more closely on this issue of money distribution. When Education Alternatives, Inc., came into Baltimore, they asked for all the money per pupil. Baltimore spends, as an example, these figures are not actual, $4,000 per pupil, but most Baltimore schools get $2,000 and the other $2,000 goes to expenditures controlled by the central office. EAI said that they wanted the $4,000 and they got it. EAI has more money to spend at the school site than other schools in the Baltimore system.

We need to be more flexible and creative as we attempt to link education finance and education reform. A comparison between two school districts—Riverside, California, and Zurich, Switzerland—with about the same number of students spending about the same number of dollars in 1989 reveals a different way of thinking about how a school system can be structured. The comparison of their number of teachers, certified administrative and office personnel, and number

of school sites shows major differences. Riverside has built big buildings with a large capacity. They have concentrated students into 37 sites. Zurich has 338 sites counting the kindergartens. They have little neighborhood schools, two or three rooms with no principals or administration. Just a few teachers run the school. Zurich has twice as many teachers and, surprisingly, their salaries are double ours in the United States. So we need to think seriously about this redistribution issue.

Time

Another aspect of education reform that directly affects school finance is the time issue. Right now we are reforming schools on the backs of teachers' own time, and we cannot do that in the long run. NEA has published a study called "It's About Time," which spells out some of the financial implications of giving teachers time to reform and restructure our educational system. I recommend it for your reading.

Simplicity vs Complexity

One of the problems with this issue of school financing is the struggle between complexity and simplicity. School finance has always suffered from complexity. It is just miserable to understand it in all its details, standardization formulas, weighting systems, and on and on. It leads to suspicion and a lack of understanding on the part of parents and the public. On the other hand, market forces are very simple to understand. Vouchers are extremely simple. Give me $4,000 and I will take my own kid and get him trained. And I know what $4,000 can buy.

The struggle between complexity and simplicity is working to our disadvantage. How long can we continue on the present path before a critical mass of the public opinion will swing in favor of the simplistic market-driven model? According to a recent Associated Press poll, 76 percent of the American public supports vouchers, which are easy to understand, if nothing more.

We have to change our message somehow. I do not have the magic answer. But we have to deal with this complexity issue or we will lose, in my opinion, this struggle to preserve and improve public education. ***Defending public schools, saying that they are fine and do not need to change while we concurrently advocate for more money through complex school funding formulas, is a loser.*** If we cannot do better, we had better do different.

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